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Canadian Radio-television and
Telecommunications Commission

Conseil de la radiodiffusion et des
télécommunications canadiennes

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COMMENTS

COMMENTAIRES

PAY TELEVISION

TÉLÉVISION À PÉAGE

VOLUME 1

Nos. 1 thru 49

Nos. 1 à 49


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PAY TELEVISION / TELEVISION A PEAGE

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COMMENT
COMMENTAIRE
10-1

24 Warren Road,
Simcoe, Ontario.
March 11, 1977.

Received by — Reçu par
SECRETARIAT
MAR 15 1977
C.R.T.C.

Mr. Guy Lefebre,
Chairman,
Canadian Radio and Television Commission,
100 Metcalfe Street,
Ottawa, Ontario.

Dear Mr. Lefebre:

It has come to my attention that there will be CRTC hearings held shortly regarding "Pay TV".

No doubt, the technology for a "wired city" is available to us and there are many entrepreneurs waiting on the wings with large cash resources ready to pour them into pay television.

Unfortunately, too many times in the past these two criteria have been sufficient to get the green light in our society to go ahead.

However, it is critical in the case of pay television to look at the larger picture and set policies governing the whole "wired city" concept before proceeding.

Just because the technology is there is no reason to use it. Society, is plagued by many instances where technology has produced more problems in society than they have solved. I certainly feel that this will be the case with the "wired city" if and when it comes about.

I do not feel that Pay Television will benefit Canadian artists. I can only see another boost to the American Film Industry.

Before any decision is made, I ask that you examine, very carefully, the sociological impact of this technology and consider the necessity and wisdom of proceeding into this field of technology.

Yours truly,

Jan MacPhail.

COMMENT
COMMENTAIRE
11-2

17 - 937 Shevlin Avenue West
Willowdale, Ontario M2N 5Z1
March 8th, 1977

Received by - Reçu par
SECRETARIAT
MAR 11 1977
C.R.T.C.

C R T C
100 Metcalfe Street
Ottawa, Ontario
K1A 0N2

Dear Sirs
Thank you for your letter dated March 1st soliciting further comments about Pay-TV. Please add this letter to my previous submissions dated July 15, August 5th and August 16th of last year.

The basic structure of normal television is that it is an advertising medium. Hopefully pay-tv will not be similarly structured and therefore existing Canadian networks particularly the C B C should not be involved with the development of pay-tv. It would be advantageous to maintain the spirit of competition.

I believe that there should be two pay-tv channels operating at the same time. One channel would televise first run movies--- a variety of them rotating different times and different days and totally changed once a month. One of the major goals is to generate great profits which are to be used to develop Canadian movies for theatres and to subsidize the activities of the second pay-tv channel.

The second pay-tv channel is to be less like current education TV and more like America's Public Broadcasting System. Lighting could be set up in concert and theatre halls as is done in hockey arenas and concerts and plays could be photographed from four angles. For example, a program of concerts could be developed --- Harry Belafonte at Okeefe Centre, Stan Kenton at Ontario Place, Ed Bickert with the Toronto Symphony ....

The second channel would develop a program of old movies, Canadian produced extended concerts, plays and specials. By "extended" I mean a body of work lasting between one hour and two and a half hours without interruptions. Any Canadian artist capable of sustaining interest within the framework of the time requirements should be encouraged to develop a product for exposure on this channel.

The major differences with the competition is that all works are extended works shown without interruptions. Please incorporate previously expressed ideas about old movies.

Once a month, those families interested in pay-tv would receive a catalogue similar in concept to Book-of-the-Month Club Advertising. The first run movies and their rotating times and rates would be printed. Also, the entire monthly program of the second channel would be printed. There would be <u>one</u> rate for the entire monthly program of the second channel. If they do not wish to receive the second channel for that month, they return a card by a certain date and the channel is blocked from that set. Along with the advertising, they receive a billing - of previous movies seen on the first-run channel
- second channel billing in advance.

Pay-TV must pay it's own way --- there should be no financial appeals as we are experiencing from Buffalo's P B S or Toronto's radio station C J R T (necessary but not nearly as obnoxious as the Buffalo business).

I hope some of my unpolished ideas will be usable to you and I wish to thank you for the opportunity to imagine and express what I would like to see developed on pay-tv as a consumer.

Sincerely yours,

Colin H. Brown

8 March 1977

COMMENT
COMMENTAIRE
#1 - 3

M.D. Gallant
C.R.T.C.
100 Metcalfe Street,
Ottawa,Ontario
K1A 0N2

Dear Sir or Madam:

Re: Submissions on Pay-TV

I would like to thank you for your letter of the 1st of March, requesting further comments on the subject of Pay TV.

I have not given any previous thought to the matter of a governing agency for Pay TV.I am simply and quite truthfully quite ignorant of most of the issues and concerns expressed in your "Notice of Public Hearing" bulletin of the 3rd of February 1977.

My own prime concern with the Pay TV issue derives from what I perceive to be a generally hostile anti-American sentiment on the part of the Commission.One of the Commission's major objectives deals with Canadian content shows that are of high Canadian quality.To many Canadians who are accustomed to the superior quality of American productions, there appears little reason for the Commission to be overly anxious of defending Canadian broadcasting. The entire culture of our country has been inundated with Americanism and has been for so many years that it is far too late to begin a de-programming effort.I may appear to be completely American brainwashed but I assure you I am not.I simply admire their values and respect their advanced technology.Our cultures are too closely overlapped for the Commission to achieve any feeling of independence in broadcasting.Canadians will simply not watch Pay TV if there is not a good measure of Americanism in it.I cannot strongly enough defend our brothers to the south in this battle, as it appears that there is a basic bias within the Commission and this must be opposed.

With regard to the Agency itself, therefore, my major theme would be to not impose any Canadian content requirement!The Canadian people will decide themselves which programs and what type of programs they desire. There should of course be Canadian programs and these should be in the form of documentaries and public affairs shows, for the most part.We could televise our so-called government in inaction in the House of Commons.

.../2

We should present shows that deal more with Canadian issues of controversy but I feel that there is also room for Pay TV to present American productions on social issues.They simply do it better and we can learn much from them.

I am also very leary of heeding the CBC's recommendations. Their efforts have always had a leftist leaning to them. This of course is difficult to define but one senses it regularly.Not to mention their anti-American bias!

One of my own concerns is over the viewing of sports programs.I enjoy greatly watching sports productions on television and Pay TV can be used to further this effort greatly.I see no reason why motion pictures can not be shown over this form of television, and I believe it should be done.

With regard to community demands on Pay TV, this is an extremely controversial matter as the number of subscribers who view community programs is a small percentage.I might assert though that there is an outlet for community people through the cable companies and such stations as CITY-TV and the Ontario Education Network(ch. 19) The content of Pay TV can best be determined by sending a questionnaire to the citizens. It would not take too long to do so, and your commission would receive valuable feedback on subscriber's likes and dislikes.The issue of Canadian content could be decided clearly thru this referendum, although I am sure that you would not be too pleased with the outcome.

As for revenue, I am completely ignorant on this matter! The agency could be partially funded by the Federal government and partially by the subscriber's fee for the Pay TV service.I do not think that the Agency should be very large nor should it have as much control as I sense the Commission wishes it to have!

The Pay television program agency should, of course support Canadian creative and production resources by providing funds for experimentation etc.We must set aside some time to view these amateur efforts and assess them with an eye to the future.We must not sacrifice too much time though on this effort, as Pay TV will be a commercialsuccess, I believe, and therefore care must be shown in choosing programs.

I believe that the agency should be a mixed corporation involving private and public participation on both a profit and non-profit basis.

.../3

I feel that broadcasters have only a minimal amount to contribute and I personally feel that cable licensees should have more say in the decision making process.However all three of your mentioned groups should be allowed to participate.

In conclusion I apologize for some of my more naive comments.I can only express my wish that the Commission does not become too bogged down in the various problems associated with the advent of Pay TV to forget that the people are waiting for Pay TV.Also, I urge the Commission to adopt a far friendlier posture in regards to American broadcasting on Pay TV as it is the American shows that will provide the most amount of revenue and success for the Pay TV venture.

Sincerely yours,

Steven Gurion
260 Haddington Ave.,
Toronto,Ontario
M5M 2P9

COMMENT
COMMENTAIRE
N-4

Received by - Reçu par
SECRETARIAT
FEB 23 1977
C.R.T.C.

77-21
(Pay TV)

Geoffrey B. Capp
1499 Beckworth Avenue
London, Ontario
N5V 2K8
February 18, 1977

Canadian Radio-Television and Telecommunications Commission
100 Metcalfe Street
Ottawa, Ontario
K1P 5M1

Received by - Reçu par
SECRETARIAT
FEB 23 1977
C.R.T.C.

Gentlemen:

re: 1. Pay-TV
2. Our local cable service

Enclosed is my submission as regards to Pay-TV, and its distribution and fee-charging system as I propose it.

The distribution system is self-explanatory. As tothe charging and collecting of fees, the material describes the method of tuning in Pay-TV(visual signals are scrambled), and how cable companies would charge fees for use of the network.

The electronic charging system described has advantages over a pay-as-you-watch system using coins. These are listed near the bottom of page one.

Since I would be unable to attend the hearings, I hope that some interested party planning to attend the hearing would present this proposal on my behalf.

In regards to our local cable service(London Cable TV, and, not far away, MacLean Hunter), I wish to urge some decision soon regarding their applications to add WWJ Detroit and Information Channels to their midband channel services, and permit MacLean Hunter to add WJET Erie to its service, pending a second referendum among its subscribers as to their choice of an ABC affiliate on the basic service. I would also like to see approval for both to add CBLT Toronto on Channel C (substituted with CFPL when both have same program at same time) and CITY Toronto on K.

C.R.T.C.
RECEIVED - REÇU

Yours very sincerely,
Geoffrey B. Capp

encl.

NATIONAL PAY-TELEVISION
Proposed Distribution and Fee-Charging and Collecting System

Distribution:

Pay-TV should be distributed through a satellite, and be received by cable television companies for distribution in their respective systems.

The English pay channel should be on Channel P and the French channel on Channel Q. Systems that have only a 12-Channel capacity should distribute one of the channels(the one that is the major language locally) on the Cablecast channel, or, if a channel is available and is not in use, on that channel, UNTIL the system has been rebuilt to a 35-channel capacity. Then, both channels must be on the service, on Channels P &Q.

Fee-Charging:

Subscribers desiring pay-television service would notify the cable company. The cable company would provide an unscrambler(visual signals would be scrambled before distributing locally)activated by a key. When the subscriber wishes to watch Pay-TV, he turns the key. When the unscrambler is operating, it sends a signal back along the cable to the cable Company, where equipment records in its memory that that particular unscrambler is operating.

Each morning at 10:00 AM, the technicians at the Pay-TV centre in Ottawa(or Toronto, or Montreal) or wherever it is) beam a signal through the satellite. It informs the cable companies how much they are to charge for each 10-minute interval a subscriber had his unscrambler operating, and how much to deduct from this amount to allow for technical trouble that either the Pay-TV centre or the cable company might have had.

Once the cable company has determined how much to charge the subscriber for pay-TV for a particular month, it is added to his monthly bill, and the bill is mailed.

Following are typical charges for a subscriber with two outlets, one rented convertor, rented Pay-TV unscrambler, and $8.43 worth of Pay-TV viewing time:

Basic Charge-One Outlet	$6.00
Extra Outlets-One	$2.25
Pay-TV Unscrambler	$1.50
Converter-Rented-36 Ch	$4.00
Pay-TV use--February '82	$8.43
SUB-TOTAL	$22.18
Key replacement(no lost i)	.15
TOTAL	$22.33

Revenue to the cable company for Pay-TV use would be divided up: 90% to the National Pay-TV Corporation for their allocation to the Canadian film industry; 10% to the cable company to cover maintenance and equipment for Pay-TV service.

Advantages of this electronic charging system:
--different rates for different programs
--no need to collect coins from users' homes
--leaves coins and change for other uses(parking, small purchases)
--if viewer gets bored with program, he doesn't lose money for time he already deposited coins for in the coin box
--allows for delays in running programming---time can be deducted from customer's bill

[illegible]

Notes in TV listings with each pay-TV program that tells how much will be charged for each 10-minute portion of program(Example: "Airport"---11¢/10 min)

One movie each evening---French translation shown at same time as English version.

Cont'd next page

Other Proposals(cont'd)

On Channel P, an early edition of The National at 10:00 PM, with material from the CBC, CTV, and Global, and independent stations,

On Channel Q, an early edition of Telejournal at 10:00 PM(2200h), with material from the CBC(Radio-Canada), TVA, and independent stations,

focussing on Canadian news, with a small amount of international news.

The Department of Communications, the Canadian Radio-Television and Telecommunications Commission, and the National Pay-Television Corporation should explore various methods of bringing the Pay-TV channels to those without access to cable television(i.e. the North, rural areas, isolated areas in British Columbia).

COMMENTAIRE
A1-5

972-2/
Pay TV

March 14, 1977.

C.R.T.C.,
100 Metcalfe Street,
Ottawa, Ontario,
K1A, 0N2.

Attention: Miss Lise Ouimet,
Associate Secretary General,
Public Hearings.

Dear Miss Ouimet,

In response to your letter dated March 1, herewith my 'further submission' for the public hearing on May 30, 1977.

Yours sincerely,

Earle W. Elliott

Earle W. Elliott.

Received By - Reçu par
SECRETARIAT
MAR 16 1977
C.R.T.C.

In view of the quality of much of the programming presently offered by broadcasters I would hope that Pay TV would not duplicate it. A demand for Pay TV exists because there are many who wish to escape into quality broadcasting.

The cable companies should be kept out of the production and supply of Pay TV programming. Cable companies should be obliged to purchase their requirements from the producers. This should create a competitive market for the supply of Pay TV productions. The supply companies should not be excluded from the production of any other type of film.

When a supply company produces a film considered by C.R.T.C. as meeting the needs of listeners, then in such circumstances a subsidy might be given as an encouragement. Degree of Canadian content, use of Canadian talent and facilities could attract subsidies.

The following suggests the types of programming to be offered by cable companies:-

1. the present piping of Canadian and U.S. commercial stations,
2. good coverage of community events and community concerns,
3. the acquaintance of listeners with good learning programmes which present life in other regions and countries, hobbies, politics, music, education etc.,
4. local sporting activities in the broad sense, to include such as figure skating,
5. the presentation of national and international affairs, commerce and finance. Here the standard would be such as the usual content of the London Economist,
6. the presentation on Pay TV of
   (i) other than mediocre regional and national sports;
   (ii) good screen and live plays.

An international market should be encouraged to continue to develop so that Canadian programme suppliers may deal with the suppliers in other countries. This would increase the supply of good material to the Canadian market, providing at the same time additional revenue both from imports and own productions.

Licences to cable companies should be for a period of as long as ten years. In return for this opportunity for long-range planning these companies would lose their licence quickly if they demonstrated reasonable not to follow the policy laid down by the C.R.T.C. The terms of office of members of the C.R.T.C. would correspond. At the end of each ten-year period Parliament could have a field day in reconsidering legislation. This is done now in connection with the Bank Act.

Except for the commercial channels on Cable TV there should be no advertising. Listeners should not have to listen to a play, interrupted each ten minutes by a commercial message. This is what is happening to the screen play 'Roots' at the present moment. Imagine, say, the Royal Alex in Toronto, interrupting a 'live' play for the periodic presentation of advertising.

Cable companies should be required to reserve channels for such as

Ontario Educational TV and Channel 21 Rochester.

It would seem that there should be one Pay channel for such as theatre and another for sports. These channels need not be reserved entirely for Pay TV. But Pay TV should be available during the evenings and also on Saturday and Sunday afternoons.

Cable rates would be increased by a requisite monthly charge for those subscribing to Pay TV. When Pay TV is in operation these channels would be unavailable to non-subscribers.

It is possible to give too much concern to the present commercials broadcasters. The late Lord Thomson, when he received a TV licence to broadcast in Scotland, said that such a licence was equivalent to one to print money. Instead of complaining the present broadcasters should practise some of the 'free enterprise' they talk about. The licence itself should be a sufficient handout. If they cannot or will not deliver according to contract then the licence should be transferred to someone who can. Perhaps in the occasional incident it would not be amiss to transfer such a licence to a foreign company. Anyway, let's keep the 'weak sisters' out of Pay TV.

If it is necessary in the public interest to retain violence, crude sex, and unsatisfactory human relationships (and I would be interested to learn where such public interest resides) then let us leave it precisely where it is at present. No C.R.T.C. or government will cry halt to this state of affairs. These stations will continue to sell time to advertise intoxicants and lotteries so that governments may derive revenue painlessly which should have been levied as tax. Corruption of the populace is of notconcern to these governments. After all, there are Welfare Departments and gaols. Alternatively, these programmes could be cleaned up to offer good competition to Pay TV and thereby justify increased charges for advertising. Rest assured, Pay TV or not, a growing section of the population is ceasing to view the 'tribe' now offered most of the time by commercial broadcasters.

Let us, all together, make concern for Canadian communities a matter of self-interest.

March 14, 1977.
Earle W. Elliott,
195 George Street,
Belleville, Ontario,
K8N 3H1.

SECRETARY D L Armstrong

972-2/
(Pay TV)

Joint Broadcast Committee

ASSOCIATION OF CANADIAN ADVERTISERS INC.
INSTITUTE OF CANADIAN ADVERTISING

March 21, 1977.

COMMENT
COMMENTAIRE
41 - 12

Miss Lise Ouimet
Secretary General
Public Hearings
Canadian Radio-television Commission
100 Metcalfe Street
Ottawa, Ontario
K1A 0N2

Dear Miss Ouimet:

I respectfully request the attendance of representatives of the Joint Broadcast Committee of the Association of Canadian Advertisers and the Institute of Canadian Advertising at the Commission public hearings on Pay TV, in Ottawa, May 30, 1977.

As we appear to be the only intervenors to have presented an entirely different and controversal point-of-view in recommending consideration of the inclusion of advertising in Pay TV, I believe our attendance would be of value to the Commission in its future deliberations of this complex subject.

Yours sincerely,

svf/

H. R. Ross
Chairman for ICA
ACA, ICA Joint Broadcast Committee

Received [illegible]
SECRETARIAT

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V2J 3C8.

March 18, 1977

COMMENT
COMMENTAIRE
77-7

Miss Lise Ouimet,
Associate Secretary General,
Canadian Radio & Television Comm.,
100 Metcalf St.,
Ottawa, Ontario.

Dear Miss Ouimet:

Replying to your letter of March 1, 1977 wherein you invite a further submission to the CRTC, regarding the impending hearings on Pay TV in Canada.

First, allow me to say that I in no way feel competent to attempt to answer most of the questions regarding specific areas of concern as listed towards the end of the "Notice of Public Hearing". I believe that proposals in those areas will have to come from people experienced in the broadcasting industry.

Naturally, as could be deduced from my original submission, I remain fearful of the impact on motion picture theatres of the release to Pay TV of numerous recently released movies which have been primarily made for theatre release. Consequently I am relieved to note that the Minister of Communication feels that a range of programming must be provided, "which does not duplicate that now offered by broadcasters" and I would like to see "or other media of public entertainment" or words to that effect added. Certainly network TV already offers numerous motion pictures (free) and I do not see why Pay TV should be allowed to directly compete with both network TV and motion pictures theatres with recent releases, yet since my original submission I continue to read in the newspapers of public pronouncements by those advocates of Pay TV. These pronouncements all stress the fact that "eight recent pictures per month for $8.00" will be the prize if Pay TV comes in. It would appear that this is in direct variance with the wishes of the Minister. Nevertheless, I would expect a very strong lobby for conditions just as close to those advertised as the proponents of Pay TV can get. This would be disastrous to the motion pictures theatre and particularly those in small towns who have a hard time getting pictures until considerable time has elapsed after their initial release. I fail to see how such programming can possibly assist Canadian broadcasting. It would just have a very negative effect on an existing entertainment industry.

Received by - Reçu par
SECRETARIAT

C.R.T.C.

Yours truly,

L.H. Appleby, M.D.

LHA/mjs

THE CANADIAN ASSOCIATION OF BROADCASTERS

CAB

L'ASSOCIATION CANADIENNE DES RADIODIFFUSEURS

85 SPARKS ST., SUITE 909 (BOX 627, STN. B) OTTAWA, CANADA K1P 5S2 – TELEPHONE (613) 233-4035, TELEX 053-4133

March 25, 1977

Miss Lise Ouimet
Secretary General
Canadian Radio-television and
Telecommunications Commission
100 Metcalfe Street
Ottawa, Ontario
K1A 0N2

COMMENT
COMMENTAIRE
N-8

Dear Miss Ouimet:

RE: Pay TV Hearing To Commence May 30, 1977

With reference to the CRTC announcement of February 3, 1977, on the above subject, this Association does not plan to file a supplementary brief.

However, we would like to appear on the basis of the brief we submitted in September 1976 which we believe addresses most of the supplementary points listed in the February 3, 1977 announcement.

If this is satisfactory with the Commission, would you please let us know the date and the approximate time when the CAB will be asked to appear in connection with this hearing.

Yours sincerely,

M. Robin Quinn
Director, Government
and Public Relations

Received by – Reçu par
SECRETARIAT
MAR 29 1977
C.R.T.C.

MRQ:map

#9

PERSONS: 15 GONDOLA CR
SCARBORO ONT.
COMMENT
COMMENTAIRE
FURTHER to the brief
sent in on CTV & CHCH T.V.

I would like to reply to your letter of "Specific Concern"

FIRSTLY I IMAGINE an agency free of the mind boggling bureaucracy which burdens the C.B.C.

Secondly to avoid a conflict of interest with the present system it should be delivered by separate govt operated cable.

The present system provides us with ONE way communication (with) from the U.S. The new govt cable co. would provide a tool for us to communicate with other Canadians as well as the U.S. in more even balance.

As to your question of KIND & FORM of Programmes I

3 believe that independent producers should submit programmes for purchase to a tribunal made up of members of the Arts community together with other ministers of culture to be appointed by the publicly owned corporation.

4. This publicly owned corporation would then bill the cable consumer to pay for the cost of production and cable. I believe this to be consistent with the role and objectives of the Canadian Broadcasting system.

5. It would also support Canad' in creative & production resources.

By having independent producers from all regions of Canada, all national and regional demands of Pay T.V. subscribers would be met.

I do not believe any anti-siphoning regulation are necessary but I

6. do believe it should exist for the promotion of 100% Canadian content since the existing system provides us with 100% American content.

As to the structure of this publicly owned & operated corporation I envisage a

7. pyramid with a council of ministers from ARTS, MUSIC CULTURE, GOVT, and the CRTC to oversee purchase of indepen- dently produced Canadian programmes. would be decided in a forum with all indep. producers. There

8. private financed productions would be made available via govt cable at more reasonable cost to consumers, with more benefit to Canadian talent. Profits should be reinvested in worthy Canadian productions as council decides upon.

yours truly Peg Swift.

Daly
972-21
(Pay TV)

ELECONSULT
ROBERT E. BABE Ph.D.
Telecommunications Economic Consultant
~~302-2525 Ragico Street~~ 292 Daly Ave., Apt. 2
Ottawa, Ontario ~~K2B 5W8 (613) 802-5220~~ 563-1953
K1N 6G5

COMMENT
COMMENTAIRE
NJ-10

March 24, 1977.

Secretary,
Canadian Radio-television and Telecommunications
Commission,
100 Metcalfe Street,
Ottawa, Ontario.

Sir:

In response to your "Notice of Public Hearing" dated 3 February 1977 and "Public Notice" dated 24 February 1977 pertaining to public hearings on pay television, I am pleased to submit the enclosed intervention on the topic. Should you deem it advisable, I would be pleased to appear at the hearings scheduled for 30 May 1977.

Sincerely,

Robert E Babe

Enc.

Robert E. Babe.

Received by — Rec'd
SECRETARIAT

Mar 29 1977

C.R.T.C.

The Economics of Pay Television in Canada

Since about November 1974 pay television via cable tv has been a growth industry in the United States. At that time, the US Federal Communications Commission promulgated rules for pay television on cable systems. Since at least 1971 the Canadian cable television industry has taken an interest in introducing pay television to Canada, undoubtedly in recognition of the enormous funds that could be forthcoming from such a venture. It has probably been the demonstrable success of pay tv in the U.S. over the last two years, however, that has served to intensify the lobbying efforts of the cable industry in this regard in 1975 and 1976.

The Potential of Pay Television

Advertiser-financed television suffers from two major deficiencies: First, it results in insufficient resources being devoted to television programming. Since a program hour per viewer is worth only about .3¢ to the advertiser but perhaps several hundred times that amount to the viewer himself, pay television has the potential of vastly increasing the resources flowing into the industry. In fact, pay television is potentially the most lucrative distribution system yet devised for visual entertainment and educational material. PTN estimates gross revenues of over $400 million in its first 5 years of operating a single pay channel. Consequently, groups that envisage sharing significantly in the revenues have hailed its introduction as a "watershed" in the development of broadcasting.

The second potential of pay television, provided that it is properly structured, is to transform the programming incentives experienced by commercial broadcasters in such a way as to make them much more responsive to the program preferences of individual viewers. Under the advertiser-sponsored system, viewers have only two choices - to watch or not to watch; if the former, viewers are valued equally by advertisers regardless of the intrinsic levels of satisfaction experienced by the viewer. The incentive for programming, therefore, is to appeal to as broad a base as possible and to strive for a level of viewer satisfaction that will simply induce people to watch. Pay television, on the other hand, (again, provided that it is properly structured) could allow the viewer to register the intensity of his preferences. Programs with a narrow support among viewers could be profitable provided that supporters of the program were willing to overcome the "unpopularity" of their preferences by increased payments relative to programs with a larger base of support. In brief, viewers themselves would have a much greater voice in determining the programming; at present these decisions are made largely by advertising agencies and network executives on the basis of aggregate ratings.

At worst, however, pay television could cause viewers to have to pay substantial funds for types of programming similar to what they now receive "free".

A third possible advantage of a properly structured pay television network concerns increased access by creative

talent. Network television in Canada, both public and commercial, has been criticized because opportunities for independent producers to get their programs aired are limited. This has been due to vertical integration between the program creation industry and the program distribution industry (the networks) to the effect that programs actually distributed are, by and large, either created or purchased by the network itself. A good argument could be made, therefore, that the responsibility of creating and selecting programming for a pay network should be kept separate from the distribution network(s).

To summarize this section, pay television has the potential of generating vastly increased revenues for television programming, of granting the viewer himself much greater influence in the determination of programming material, and of supplying a new conduit to independent creative Canadian talent for the distribution of their products. On the other hand, an improperly structured pay television system poses important problems. The increased revenues forthcoming from the system could be manifested chiefly in increased monopoly profits for certain vested interests; the viewer, rather than exercising increased consumer sovereignty, could end up paying for program meterial heretofore supplied free of direct charge; the system could remain closed to independent talent. In short, both the potential benefits and the potential abuses of pay television are great; it is important that the system be structured properly to maximize the former and make negligible the latter.

Structuring the Pay Television System

There are four major corporate functions that must be fulfilled in order to implement an interconnected pay-cable service: program production, program selection for national distribution, ("program packaging"), national distribution, and local distribution (including billing, monitoring, etc.) If monopoly or tight oligopoly elements exist at certain of these stages, the potential pay television presents will be eroded.

As stated earlier, network television in Canada has limited the opportunities for independent producers to get their programs aired due to vertical integration between the networks (the program distribution industry) and the program creation industry. Therefore, for pay television, there should be a clear separation between hardware ownership (both at the local cable distribution point and at the national interconnection point) and the responsibility for creation and selecting the programming material. Assuming such a separation exists, a clear separation should also exist between responsibilities for program selection and program creation. Two alternatives are possible in this situation. As one possibility, the pay network (including both the long distance interconnection and local cable components) could be declared a common carrier and be obliged to accept, upon payment of approved rates, access by independent producers wishing to distribute their programming on the pay basis. This is attractive since producers would select individual cable systems according to demographic

characteristics and tailor his programming for such specialize interests. In the alternative, a public body could be set up (which is itself not to engage in program creation) to arrange access to the system.

The advantages to the above approach are, first, that the program material would itself determine the network not the reverse as currently exists. In addition, there would be no vested interest in restricting outside sources of programming. Finally the inherent monopoly over system hardware is not permitted to create a monopoly over programming through ownership links.

The second vital aspect to the pay system is that per program rather than per channel charges be introduced. Each of these pricing principles creates differing incentives for the entrepreneur regarding program diversity and hence viewer sovereignty). A monthly charge per channel means that the pay system operator would try to maximize the total subscribers to the channel but will not necessarily endeavour to maximize the audience satisfaction to any particular program. Therefore, viewers could express their preference for the channel itself by subscribing or not subscribing, but their preferences in this case are expressed in a manner similar to the "voting" system on commercial television. The pay-cable operator will try to make the channel as a whole appeal to as broad a spectrum as possible and there is no possibility for registering the intensity of preferences for any particular component of the schedule.

Per program charges, on the other hand, allow minority audiences to overcome the unpopularity of their preferences through higher program charges. Per program charges are consistent with the common carriers notion as regards the hardware distribution facilities (the producer himself could set the price for his program and pay tariffed rates for channel time) but per channel charges are not.

The PTN (Pay Television Network) Proposal

The PTN proposal is comprised of four major features:

(1) PTN should be enfranchised as the monopoly pay television network in Canada. Monopoly, it is argued, is desirable not only in order to reduce the purchase costs of American feature films (the main staple of PTN offerings) but also to maximize revenues from subscribers.

(2) PTN would have four distinct functions: the purchasing of U.S. movie rights and commissioning and/or purchasing Canadian productions; marketing of pay television in Canada; arranging the distribution system for delivery of program material to the individual cable systems; and managing the flow of funds from cable companies to the program rights holder.

(3) PTN is to be vertically integrated with the cable television industry. While other groups may be given representation on the board of directors of PTN, management control is to reside with

the cable industry. The cable industry, through PTN, is to control the programming over the network.

(4) Pay service is to be offered on a fee per channel basis. Initially, one channel would be offered for $8 month per subscriber. Of the $8 collected, $4.40 (55%) is to be retained by the local cable company for distribution expenses and profits; $2.00 (25%) is to be used by PTN to acquire foreign movies; $1.00 (15%) is to be used by PTN for the purchase of original Canadian programming; $0.40 (5%) is to be retained by PTN to administer the network.

Recognizing that numerous vested interests could be expected to oppose the introduction of pay tv due to an apprehended financial loss, and also in recognition that the pay television franchise in Canada would be extremely profitable, the cable interests decided to include in their proposal the means for indemnifying the affected interests: in their words, "reconciling the interests of the producing community with those of the consuming community"; in the less charitable words of the Consumers' Association of Canada, making "exploitation acceptable".

In the proposal, private television broadcasters were to be indemnified for probable loss in audience and possible loss of program material to pay television through the expanded use of broadcast-owned production facilities and by the later replay of the Canadian content commissioned by PTN; independent producers and actors, etc. were to be indemnified by the 15% of

gross revenues dedicated to Canadian productions (estimated to total about $80 million over the first six years).

Evaluation of PTN Proposal

The PTN proposal combines the worst possible features of a pay television system into a single package: monopoly, vertical integration, per channel charges:

Monopoly. Monopoly over the pay television system creates at least two serious problems. First, consumers will be over-charged due to the lack of competition; note that cable operators are able to supply at present up to 24 channels for $6 per subscriber per month but deem it necessary to retain $4.40 to provide the hardware (not the programming) for a single pay channel. Second, monopoly at the network level means that the diversity in program options that could be available through a decentralized structure will be lost; PTN intends to concentrate on the type of programming currently offered by "free" tv, namely mass appeal movies imported from the United States.

Vertical Integration. The cable industry (enfranchised as monopolists at the local distribution level) would control the pay network. This has two serious implications. First, the pay network monopoly would be maintained well into the foreseeable future since potentially competing pay networks would find it impossible to gain access to the cable systems. Second, since the cable industry would exercise control over the programs

selected for network distribution, the program material would have to be compatible with the aims of the network. While the cable industry to date has not engaged in television production to a significant extent, control over the pay network would undoubtedly induce them to do so in which case the 15% of revenues earmarked for Canadian productions would accrue mainly to the cable industry. (as a footnote, Canadian Cablesystems Ltd., second largest of Canada's cable companies, shares ownership of Famous Players Theatres Ltd. with Paramount Pictures Corporation (US).

Per Channel Charges. Minority programming (that is, consumers registering the intensity of their preferences) will not take place as the cable network would not wish to displease the majority of its subscribers by requiring them to pay for programming of interest to a small proportion. The pay channel would, therefore, be programmed in a manner similar to commercial television. As noted previously, PTN intends to offer U.S. movies for about 90 percent of its program schedule.

Conclusion

Under the Broadcasting Act, broadcasting in Canada is to "safeguard, enrich, and strengthen the cultural, political, social and economic fabric of Canada." The programming of the system is to be "varied", "balanced", "comprehensive", "of high standard, using predominately Canadian creative and other re-

sources." It is to be hoped that Mrs. Sauve remembers these goals when decisions are made with respect to the introduction of pay television in Canada. What is clear from the foregoing is that these goals will not be met through a monopolized, vertically-integrated, fee per channel structure such as the one proposed by PTN.

Federal broadcast regulators have always confused the concepts of monetary richness and cultural richness with respect to its licensees. Commercial television broadcasting in Canada as a whole earns a rate of profit well exceeding most other industries in the country; the programming, however, is about 75% American in origin between 7 and 11 p.m. It is to be hoped that federal authorities do not make the same mistake with respect to Pay TV. It will make a bundle of money, but under present proposals before the CRTC, the programming will be 95% American.

1. Comm
972-21
pg 15 (1)

51 Hampshire Heights,
Islington, Ontario,
April 19, 1977.

Canadian Radio-television and
Telecommunications Commission,
100 Metcalfe Street,
Ottawa, Ontario,
K1A ON2

COMMENT
COMMENTAIRE
ADD TO N-11

Dear Sirs;

Thank you for your letter of April 12, 1977 with reference to Pay Television.

For Pay Television to become viable in Canada a large and loyal audience will be required - one that makes regular and frequent use of the proposed facilities.

Your most likely audience will come from those movie fans who presently patronize the cinema. Let us for a minute consider their reasons for going;-

1. Entertainment-Adventure, Romance, Travel, War and other violent themes.
2. The enjoyment of an evening in a different environment than the home.
3. Many compulsive eaters enjoy the pop corn and candy.
4. A chance to meet and talk with friends.
5. In many cases the atmosphere of the darkened movie house is conducive to romance.

It is well known that most of the films are restricted to persons over a certain age, such as 16. A large percentage of films have erotic content, often linked to violence. These two qualities are what appears to draw the paying customers among younger patrons.

Here arises the point of this letter.- The censors leave considerable amounts of controversial material in films for the cinema but there will be no such leeway permitted for films for home viewing. We are familiar with words such as "Edited for television" which we see on T.V. presentations. This very frustrating for adults who resent having sophisticated material arbitrarily deleted. This is keenly resented but unavoidable when the show is of the "free" home variety. May I predict that films which are offered on a "pay" basis will simply not sell in the volume you will need for profitability if the censor intervenes and reduces everything the level of Mickey Mouse.

5 Hampshire Hts.,
Islington. Ont.
June 7. 1976

Mme Jeanne Sauvé
Minister of Communications,
Government of Canada
Ottawa, Ont

COMMENT
COMMENTAIRE
N-11

9011

Madame;

The question of Pay T.V. is under discussion and many people say it will be in operation in a year or so.

I have seen no proposals as yet as to the problem of Censorship. A very large percentage of the films in our cinemas are classified as "Adult" or "Restricted"

Here is your problem —

A — Parents don't permit children to see such films B — Sophisticated adults will not pay money to see mutilated films suitable for children.

Since everyone is talking of huge profits will morality go out the window?

R. Bruce Branston.

RECEIVED - REÇU
Office of the Secretary to the Commission
Bureau du secrétaire de la Commission
JUN 21 1976
C.R.T.C.
OTTAWA

June 18, 1976

Mr. R. Bruce Cranston,
51 Hampshire Heights,
Islington, Ontario.

Dear Mr. Cranston:

On behalf of the Honourable Jeanne Sauvé, I acknowledge receipt of your letter of June 7, 1976 regarding censorship and Pay TV.

I have forwarded your letter to the Canadian Radio-television and Telecommunications Commission for consideration and I am sure your opinion will be appreciated as they deliberate on the introduction of Pay TV.

I am sure the Minister will find your comments of great interest.

Sincerely,

ORIGINAL SIGNED BY
ORIGINAL SIGNÉ PAR
SUSAN CORNELL

Susan E. Cornell,
Special Assistant.

SEC:mtb

moc: 7911

c.c. CRTC: f.y.i.

Amendments to Comment N-12
Corrections au commentaire N-12

COMMENT
COMMENTAIRE
ADD to N-12

MICHEL BARTHOLOMEW
259 WELLESLEY STREET EAST
TORONTO M4X1H8.

LISE OUIMET
CANADIAN RADIO TELEVISION COMMISSION

Enclosed is a copy of my third paper on Canadian Popular Culture which is my submission to the commission on the inquiry concerning Pay T.V. This copy has several corrections, in which I overlooked on the original copy.

Thank You.

Michel Barthelmew

M.B.K.

Received by - Reçu par
SECRETARIAT
FEB 2 1977
C.R.T.C.

SUBMISSION TO THE CANADIAN RADIO AND TELEVISION COMMISSION CONCERNING PAY T.V. AND THE ARTS.

BY MICHAEL BARTHOLOMEW

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CONTENTS

I. SIPHONING

2. PROGRAMMING AND CANADIAN CONTENT

3. CENSORSHIP, THE AGENCY, FINALE

I would like to start by discussing siphoning, yet in actuality, I am talking about the opposition to Pay T.V. and defending its implimentation. Broadcasters are spearheading their protests with cries that siphoning will occur and Pay T.V. will infringe upon their markets.

In essence it is my opinion that these people are actually protesting against the basic capitalistic virtue of competition. What they really object to is the system itself which will offer an effective alternate source of broadcasting which is not presently being offered. Therefore they are reacting by arguing Pay T.V. is unnecessary and redundant.

Their argument solicits my sympathy, on the surface and they do have a good point which we all should heed. Duplication of broadcasting services would not only infringe upon the present commercial T.V. system but it would also be detrimental to the populace at large It would have serious economic and intellectual repercussions on our society. This is the reason that the CRTC committee responsible for Pay T.V. should be listening to these objections and seriously considering their opposition as being totally valid and justifiable. The committee should have the moral obligation to temper the system with their criticisms in mind.

On the other hand we should Stop any specific lobby from blocking what could benefit the majority. For that reason I feel that the present establishment is looking upon Pay T.V. with the same scepticism that any kind of progress is looked upon. Negatively; (A) It's bad for business. (B) A useless expenditure for all those involved.

To illustrate my point fully I am going to cite several instances from the past in which the evolution of the electronic media was greeted by the establishment.

Before the 1920's newspaper was the exclusive mass culture media. When radio was introduced they were sceptical. Newspaper publishers visioned that radio would infringe upon their exclusive territory. What actually happened is a different story. The reality of radio proved them wrong.

Radio surfaced with it's own unique characteristics, which made it a totally different media from the newspaper. At the time radio was far from being portable and secondly while on the air, the announcer could not go into detailed stories without using too much time and boring the listener. Therefore the radio format of newscasting became characteristic of outlining the headlines leaving the backround of the story to the newspapers.

The newspaper in contrast has it's own characteristics : portability, price and it enables the writer to explore in detail. The reader also has the option of reading whenever he desires whereas a newscast occurs at a certain time.

On the other hand radio offers on the spot coverage necessary to sporting and other important events. In essence each medium has it's own characteristics pro and con to itself. In effect with the new media : a new style of communication was invented which peacefully co-existed with the present form.

Now let us look at the inception of commercial T.V. in the early 50's.The same sort of opposition surfaced. This time radio and the newspapers were the objectors, mainly for business reasons of course.

In the end T.V. proved that it had it's own specific uses, benefits and drawbacks. Another media produced a new outlook and a new market. Effectively it's own market, and despite all the McLuhanisms which you can cite print is still a popular medium.

In effect I am contending to the anti Pay T.V. objectors and lobbyists that this new media is much like the old ones. It will have it's unique characteristics: it may effect the present existing medias but in the end we will see a new system which produces a new market, logically it's own market.

We must remember and consider that Pay T.V. will have it's good effects and could possibly have ill repercussions if not controlled. The first and biggest point against it's success, is the fact that you pay for it. In comparison to the present existing medias it will be ex-pensive.

On the other hand it will offer new products which are not presently being offered.

I fear thatmany of the anti Pay T.V. lobbyists don't really know the details of the new system. Take for instance the live performers who deluged themselves on the CRTC offices in protest. In my opinion they miss the total impact and possibility of Pay T.V. Live theatre could be broadcast over the air bringing their productions to an audience they never even dreamed of being possible. And much better than that they could be collecting decent royalties for their performances. Yet I see their reaction as the normal human response. Fear of the unknown.

I'd just like to overdramatize the situation by pointing out the objections the literary establishment had to the 'Novel'. Circa the

1860s poets and critics reacted as the way John Ruskin exclaimed 'Novels are morally enervating especially for young people because of the mindless excitement.' Who will be the first to say this about Pay T.V.? He went on to say ' It's not the badness of the novel which we should dread but it's overwrought interest it's excitement which increases the morbid thirst for more and more excitement. (Page 38 of the New Journalism by Tom Wolfe)

Perhaps I fear electronic media and it's potential uses with much the same fear. I'd just like to cite the example of the ex-convict who asked the government to outlaw T.V. from being broadcast into prisons because he claimed that the 'Cops and Robber shows' were feeding and nurturing the criminal mind.

We cannot stop the future by yelling we're not ready for it. Nor do I think that we should stop the inception of Pay T.V. Hopefully it will be a unique step for Canadians to improve their communications network and develop Their electronic media as we approach the year 2000. We can protect and fortify our present interests and preserve our older institutions with proper control and legislation; but please let us not be so close minded as to stifle a unique opportunity which could quite likely personify Canadian culture and be a system unparalled in the world today.

Of course siphoning is a possible problem which must be dealt with sternly. But let me first ask you you this question. Who is foolish enough to pay for a program which they could watch for free? Very few no matter how bad your impression is of the lowest common denominator.

I contend what broadcasters really fear is the fact that Pay T.V. could have a profound influence on the programming being presently

offered on commercial T.V. If people begin paying for T.V. programs which they feel are fulfilling their entertainment and intellectual needs then the present T.V. system and other medias as well may have to take a closer look at the products they are of ering.

I was discussing the effects Pay T.V. could have on commercial T.V. with a well known British Filmmaker, Peter Watkins (director of THE WAR GAME and EDVARD MUNCH) and some interesting attitudes surfaced. He contends that Gov'ts and Industry has allowed T.V. programming to become as useless as possible. He said that he felt commercial T.V.. programming is so detrimental to the individual and society as a whole that we should watch 4 hours of blackness a night rather than the pre-- sent programs being offered. He went on to argue that Pay T.V. as it presently exists in the United States is, even worse. Now people are paying to see the same kind of mindless programming, they watch already commercial T.V. He's totally against it.

I surfaced with a new point of view which I feel is important to both T.V. broadcast systems. I insist that Pay T.V. will have an over-all benefical effect on society as a whole. If in fact the working model will be developed into a unique Canadian system whereas the programming being allowed will cator to a new and presently void program market, I feel that a new evolution of the television broadcast industry will begin again with some incredible results and futuristic repercussions.

New trends are sure to surface and evolve in both T.V. systems. For the first time commercial T.V. will be faced with direct competition. The initial effect of Pay T.V. will be -- invaluable to the viewer: he will at last have the choice to an alternate form of T.V.

if he feels the present system is not fulfilling his desires, interests and needs. In a way it should also be a useful barometer to the broadcaster as well in judging the needs of the individual. Commercial T.V. could possibly benefit from having a competitive force which does not have the edge of being prepaid.

The two T.V. systems will separate into their own areas and cator to their own specific markets. But I would like you to note and consider that Pay T.V. will now always be there to keep in check a medium which to many, has been the product and under control of, Madison Avenue and the advertising establishment. It would seem that the present system stopped evolving as an art form many years ago, other than tokenism. Now it is nothing more than an outlet for big business to vent it's frustrations.

The 1957 Fowler Commission stated and I quote, ' Our national broadcasting system has the task of making full use of the fabulous powers of radio and television to enrich the lives of Canadians with entertainment and information. To perform this task adequately it must be safeguarded against two influences which could diminish or destroy the value of it's efforts; Politics and Commercialism.

Peter Watkins cited several instances from several different countries where politics and commercialism has interfered with his films and others from being shown on Television. Politics and business has interfered with the programming of commercial T.V. for what they believe to be our interests or their own.

Granted Pay T.V. may not be able to avoid the same kind of interference, totally, however I can not see a better opportunity for some kind of progress.

Filmmakers will always need money to create films. The gov't will always collect taxes and legislate control or non-control of any system which concerns the well being of the people in this country, i.e. communications. But hopefully these two evils could be curtailed as much as possible once the system is established.

Many share a noble vision of this new system. Pay T.V. could become an invaluable educational aid in an era when the methods used to teach the three Rs have long been absolete. Bringing a media of this sophistication into the average home means new limits of entertainment could also be reached. Just for example live performances, i.e. Gordon Lightfoot's Olympic Benefit Live from Maple Leaf Gardens could be broadcast all over the country on a Pay T.V. system . Those not in the citycould still see the performance and contribute to the benefit by paying a reasonable agreed upon price at home.

Perhaps books and the print medium should potentially fear Pay T.V. the most. Marshall Mcluhan suggested that even books could be broadcast over the system for the viewer to read from the screen. Would that endanger the popularity of the novel and paperback best-seller? Maybe, but already authors sell their novels to film companies for T.V. rights and screenplays; could they not sell the rights to actually broadcast the print transmission of their work? This could be of benfit to invalids and other incapacitated people.

Again I'd like to go back to to the evolution of the print medium if I may. Legal documents have gone from paper to microfilm to computer yet still human nature indentifies with paper copy more

readily. The cost and portability make paper documents the most practical even today, in our modern changing world.

Going back to Mcluhan once more (is there a bigger authority in the world on communications today?) he sees ray T.V. operating with a telephone like directory of programs in which the viewer in theory becomes his own programmer. Anything from first-aid courses to concerts and National Film Board or fine art films and workshop productions could make up the choice available. These things aren't presently being offered. What if somebody electrocutes themselves in their kitchen or their den, What should they do until the doctor arrives? Play emergency tape on home accident. The cost about 50 cents. He's hungry he wants to cook a Lasagna but he doesn't know how to. He plays Madame Benoit's gourmet recipes for directions. The cost 25 cents. You're having a birthday party for junior and you want to entertain them what do you do. Program the magic show or the National Film Boards Festival of Cartoons. The uses go on and on.

Could modern living be so sophisticated? The people can't allow big business to oppose such a system from coming into existance Siphoning is a minor problem and a growing pain of electronic media which of course should be dealt with fairly and judiously. It is no reason to oppose the new system altogether. It can be resolved and it will be. Nobody will benefit if it is not controlled.

CRITERIA FOR ANTI SIPHONING REGULATIONS

(A) No advertising should be allowed on the system. Shows must not be sponsored by business or politics or religion. By this I mean that production of programs must be independantly funded only by people or organisations whose names and production affiliation appear only in small print on the standard marquee. This however should not necessarily stifle the content of the actual programs.

(B) News and current affairs programs including sporting events should not be subject matter for Pay T.V.

(C) No serial shows other than that of a pure educational or instructional basis to be allowed.

PROGRAMING AND CANADIAN CONTENT

"Canadians have the right to a system of broadcasting from Canadian sources equal in all respects to that of any other country... this country must be assured of complete Canadian control of broadcasting from Canadian sources free from foreign interference or influence." The Right Honourable R.B. Bennett
Prime Minister of Canada 1932

The uses of the Pay T.V. network can be many. Whereas commercial T.V. is designed for entertainment of the masses and aimed at the lowest common denominator Pay T.V. is television for the specific need and interest.

Canadian production could and should be the most important considerstion to the Pay T.V. system. At the present time commercial T. cannot even absorb the amount of Canadian production available. Needless to say it is stifling our filmmakers, our film industry and the

performing arts as a whole. Presently we are on the brink of an era of intense Canadian culture yet the under development of our medium is the major reason it is already not upon us. Pay T.V. is a totally new outlet and market for expression which is badly needed.

The idea of having an alternate T.V. system for filmmakers alone makes alot of good sense, (A) For filmmakers not interested in creating a commercial product. (B) For filmmakers who work on a free-lance or independant basis.

In other words Pay T.V. is a system which should involve film makers in a big way; directly. In developing a feature film industry in Canada Pay T.V. is an immensely important step. Rather than depending on the National Film Board exclusively Pay T.V. is a new outlet which could be of value to the education and development of our filmmakers themselves. Hopefully the best opportunity for any artist is to learn in a professional situation. It's time that our creative element be weaned off the gov't grant system. To do this our arts must flourish, therefore we need every media form available.

The question of Canadian content requirements is an interesting one indeed. There are many arguments pro and con a 100% Canadian Pay T.V. system. But most important let us not forget the words of Prime Minister Bennett. Especially now in our evolution of social concious ness and identity as a country. We realize only now the importance of maintaining a pure form of Canadian media for the development and maintanence of our country and culture. Having strayed from Prime Minister Bennett's recommendations with the C.B.C. we have learnt by trial and error the best way of preserving our culture is by striving for the highest amount of Canadian content in our broadcasting. So I now ask you what better opportunity affords itself to the situation

at hand, a communications system which could sport a truly pure brand of Canadianism.

I agree that Pay T.V. network programming must be largely Canadian yet there are several objections which I would like to pose and have all interested parties consider. My reservations about a 100% policy involve arguments about multiculturalism within our borders which of course is part of our national heritage. We must not allow our over zealous callousness to affect our attitudes to form an inward looking nationalism. We must look out. We should continue our friendly kind of nationalism which embraces all cultures in our communications system where ever possible.

For these reasons I suggest a policy which encompasses an open door to our neighbours, yet also includes a majority Canadian content policy to nurture our interests as much as possible. The quotas must favour our own production.

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20% - 30% Foreign

CENSORSHIP

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in the program. Rated adult then the program is expanded to include those programs etc. right up to the restricted program which of course will be the made up of choices for the age of majority viewers. In this way no one will be offended.

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FINALE

I would like to leave you with one final quote to think about and relate to the involvement which you may have in the arts whether it be in the media or with the art itself.....

"I feel that we are on the verge of a very exciting situation here. Canada, we,ve found out, is the only English speaking community in the world that hasn't reached anywhere near it's peak."

Bob Segarini
(Musician)

COMMENT
COMMENTAIRE
10-12

SUBMISSION TO THE CANADIAN RADIO AND TELEVISION COMMISSION CONCERNING PAY T.V. AND THE ARTS.

BY MICHAEL BARTHOLOMEW,
36 Beaumont Blvd,
Toronto, Ontario
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CONTENTS

1. SIPHONING

2. PROGRAMMING AND CANADIAN CONTENT

3. CENSORSHIP, THE AGENCY, FINALE

I would like to start by discussing siphoning, yet in actuality, I am talking about the opposition to Pay T.V. and defending its implimentation. Broadcasters are spearheading their protests with cries that siphoning will occur and Pay T.V. will infringe upon their markets.

In essence it is my opinion that these people are actually protesting against the basic capitalistic virtue of competition. What they really object to is the system itself which will offer an effective alternate source of broadcasting which is not presently being offered. Therefore they are reacting by arguing Pay T.V. is unnecessary and redundant.

Their argument solicits my sympathy, on the surface and they do have a good point which we all should heed. Duplication of broadcasting services would not only infringe upon the present commercial T.V. system but it would also be detrimental to the populace at large It would have serious economic and intellectual repercussions on our society. This is the reason that the CRTC committee responsible for Pay T.V. should be listening to these objections and seriously considering their opposition as being totally valid and justifiable. The committee should have the moral obligation to temper the system with their criticisms in mind.

On the other hand we should not let any specific lobby from blocking what could benefit the majority. For that reason I feel that the present establishment is looking upon Pay T.V. with the same scepticism that any kind of progress is looked upon. Negatively; (A) It's bad for business. (B) A useless expenditure for all those involved.

To illustrate my point fully I am going to cite several instances from the past in which the evolution of the electronic media was greeted by the establishment.

Before the 1920's newspaper was the exclusive mass culture media. When radio was introduced they were sceptical. Newspaper publishers visioned that radio would infringe upon their exclusive territory What actually happened is a different story. The reality of radio proved them wrong.

Radio surfaced with it's own unique characteristics, which made it a totally different media from the newspaper. At the time radio was far from being portable and secondly while on the air, the announcer could not go into detailed stories without using too much time and boring the listener. Therefore the radio format of newscasting became characteristic of outlining the headlines leaving the backround of the story to the newspapers.

The newspaper in contrast has it's own characteristics : portability, price and it enables the writer to explore in detail. The reader also has the option of reading whenever he desires whereas a newscast occurs at a certain time.

On the other hand radio offers on the spot coverage necessary to sporting and other important events. In essence each medium has it's own characteristics pro and con to itself. In effect with the new media, a new style of communication was invented which peacefully co-exis ed with the present form.

Now let us look at the inception of commercial T.V. in the early 50's.The same sort of opposition surfaced. This time radio and the newspapers were the objectors, mainly for business reasons of course.

In the end T.V. proved that it had it's own specific uses, benefits and drawbacks. Another media produced a new outlook and a new market. Effectively it's own market, and despite all the McLuhanisms which you can cite print is still a popular medium.

In effect I am contending to the anti Pay T.V. objectors and lobbyists that this new media is much like the old ones. It will have it's unique characteristics: it may effect the present existing medias but in the end we will see a new system which produces a new market, logically it's own market.

We must remember and consider that Pay T.V. will have it's good effects and could possibly have ill repercussions if not controlled. The first and biggest point against it's success, is the fact that you pay for it. In comparison to the present existing medias it will be exspensive.

On the other hand it will offer new products which are not presently being offered.

I fear thatmany of the anti Pay T.V. lobbyists don't really know the details of the new system. Take for instance the live performers who deluged themselves on the CRTC offices in protest. In my opinion they miss the total impact and possibility of Pay T.V. Live theatre could be broadcast over the air bringing their productions to an audience they never even dreamed of being possible. And much better than that they could be collecting decent royalties for their performances. Yet I see their reaction as the normal human response. Fear of the unknown.

I'd just like to overdramatize the situation by pointing out the objections the literary establishment had to the 'Novel'. Circa the

1860s poets and critics reacted as the way John Ruskin exclaimed 'Novels are morally enervating especially for young people because of the mindless excitement.' Who will be the first to say this about Pay T.V.? He went on to say ' It's not the badness of the novel which we should dread but it's overwrought interest it's excitement which increases the morbid thirst for more and more excitement. (Page 38 of the New Journalism by Tom Wolfe)

Perhaps I fear electronic media and it's potential uses with much the same fear. I'd just like to cite the example of the ex-convict who asked the government to outlaw T.V. from being broadcast into prisons because he claimed that the 'Cops and Robber shows' were feeding and nurturing the criminal mind.

We cannot stop the future by yelling we're not ready for it. Nor do I think that we should stop the inception of Pay T.V. Hopefully it will be a unique step for Canadians to improve their communications network and develop Their electronic media as we approach the year 2000. We can protect and fortify our present interests and preserve our older institutions with proper control and legislation; but please let us not be so close minded as to stifle a unique opportunity which could quite likely personify Canadian culture and be a system unparalled in the world today.

Of course siphoning is a possible problem which must be dealt with ternly. But let me first ask you you this question. Who is foolish enough to pay for a program which they could watch for free? Very few no matter how bad your impression is of the lowest common denominator.

I content what broadcasters really fear is the fact that Pay T.V. could have a profound influence on the programming being presently

offered on commercial T.V. If people begin paying for T.V. programs which they feel are fulfilling their entertainment and intellectual needs then the present T.V. system and other medias as well may have to take a closer look at the products they are of ering.

I was discussing the effects Pay T.V. could have on commercial T.V. with a well known British Filmmaker, Peter Watkins (director of THE WAR GAME and EDVARD MUNCH) and some interesting attitude surfaced.

He contends that Gov'ts and Industry has allowed T.V. programming to become as useless as possible. He said that he felt commercial T.V.. programming is so detrimental to the individual and society as a whole that we should watch 4 hours of blackness a night rather than the pre-- sent programs being offered. He went on to argue that Pay T.V. as it presently exists in the United States is even worse. Now people are paying to see the same kind of mindless programming, as they watch on commercial T.V. He's totally against it.

I surfaced with a new point of view which I feel is important to both T.V. broadcast systems. I insist that Pay T.V. will have an overall benefical effect on society as a whole. If in fact the working model will be developed into a unique Canadian system whereas the programming being allowed will cator to a new and presently void program market, I feel that a new evolution of the television broadcast industry will begin again with some incredible results and futuristic repercussions.

New trends are sure to surface and evolve in both T.V. systems. For the first time commercial T.V. will be faced with direct competition. The initial effect of Pay T.V. will be of invaluable to the viewer: he will at last have the choice to an alternate form of T.V.

if he feels the present system is not fulfilling his desires, interests and needs. In a way it is should also be a useful barometer to the broadcaster as well in judging the needs of the individual. Commercial T.V. could possibly benefit from having a comoetitive force which does not have the edge of being prepaid.

The two T.V. systems will separate into their own areas and cator to their own specific markets. But I would like you to note and consider that Pay T.V. will now always be there to keep in check a medium which to many has been the product and under control of Madison Avenue and the advirtising establishment. It would seem that the present system stopped evolving as an art form many years ago, other than tokenism. Now it is nothing more than an outlet for big business to vent it's frustrations.

The 1957 Fowler Commission stated and I quote, ' Our national broadcasting system has the task of making full use of the fabulous powers of radio and television to enrich the lives of Canadians with entertainment and information. To perform this task adequately it must be safeguarded against two influences which could diminish or destroy the value of it's efforts; Politics and Commercialism.

Peter Watkins cited several instances from several different countries where politics and commercialism has interfered with his films and others from being shown on Television. Politics and business has interfered with the programming of commercial T.V. for what they believe to be our interests or their own.

Granted Pay T.V. may not be able to avoid the same kind of interference totally however I can not see a better opportunity for some kind of progress.

Filmmakers will always need money to create films. The gov't will always collect taxes and legislate control or non-control of any system which concerns the well being of the people in this country, i.e. communications. But hopefully these two evils could be curtailed as much as possible once the system is established.

Many share a noble vision of this new system. Pay T.V. could become an invaluable educational aid in an era when the methods used to teach the three Rs have long been absolete. Bringing a media it this sophistication into the average home means new limits of entertainment could also be reached. Just for example live performances, i.e. Gordon Lightfoot's Olympic Benefit Live from Maple Leaf Gardens could be broadcast all over the country on a Pay T.V. system . Those not in the citycould still see the performance and contribute to the benefit by paying a reasonable agreed upon price at home.

Perhaps books and the print medium should potentially fear Pay T.V. the most. Marshall Mcluhan suggested that even books could be broadcast over the system for the viewer to read from the screen. Would that endanger the popularity of the novel and paperback best-seller? Maybe, but already authors sell their novels to film companies for T.V. rights and screenplays; could they not sell the rights to actually broadcast the print transmission of their work? This could be of benefit to invalids and other incapacitated people.

Again I'd like to go back to to the evolution of the print medium if I may. Legal documents have gone from paper to microfilm to computer yet still human nature indentifies with paper copy more

readily. The cost and portability make paper documents the most practical even today, in our modern changing world.

Going back to McLuhan once more (is there a bigger authority in the world on communications today?) he sees pay T.V. operating with a telephone like directory of programs in which the viewer in theory becomes his own programmer. Anything from first-aid courses to concerts and National Film Board or fine art films and workshop productions could make up the choice available. These things aren't presently being offered. What if somebody electrocutes themselves in their kitchen or their den, What should they do until the doctor arrives? Play emergency tape on home accident. The cost about 50 cents. He's hungry he wants to cook a Lasagna but he doesn't know how to. He plays Madame Benoit's gourmet recipes for directions. The cost 25 cents. You're having a birthday party for junior and you want to entertain them what do you do. Program the magic show or the National Film Boards Festival of Cartoons. The uses go on and on.

Could modern living be so sophisticated? The people can't allow big business to oppose such a system from coming into existance Siphoning is a minor problem and a growing pain of electronic media which of course should be dealt with fairly and judiously. It is no reason to oppose the new system altogether. It can be resolved and it will be. Nobody will benefit if it is not controlled.

CRITERIA FOR ANTI SIPHONING REGULATIONS

(A) No advirtising should be allowed on the system. Shows must not be sponsored by business or politics or religion. By this I mean that production of programs must be independant funded only by people or organisations whose names and production affiliation appear only in small print on the standard marquee. This however should not necessarily stifle the content of the actual programs.

(B) News and current affairs programs including sporting events should not be subject matter for Pay T.V.

(C) No serial shows other than that of a pure educational or instructional basis to be allowed.

PROGRAMING AND CANADIAN CONTENT

"Canadians have the right to a system of broadcasting from Canadian sources equal in all respects to that of any other country... this country must be assured of complete Canadian control of broadcasting from Canadian sources free from foreign interference or influence." The Right Honourable R.B. Bennett
Prime Minister of Canada 1932

The uses of the Pay T.V. network can be many. Whereas commercial T.V. is designed for entertainment of the masses and aimed at the lowest common denominator Pay T.V. is television for the specific need and interest.

Canadian production could and should be the most important considerstion to the Pay T.V. system. At the present time commercial T.V. cannot even absorb the amount of Canadian production available. Needless to say it is stifling our filmmakers, our film industry and the

performing arts as a whole. Presently we are on the brink of an era of intense Canadian culture yet the under development of our medium is the major reason it is presently not upon us. Pay T.V. is a totally new outlet and market for expression which is badly needed.

The idea of having an alternate T.V. system for filmmakers alone makes alot of good sense, (A) For filmmakers not interested in creating a commercial product. (B) For filmmakers who work on a free-lance or independant basis.

In other words Pay T.V. is a system which should involve film makers in a big way; directly. In developing a feature film industry in Canada Pay T.V. is an immensely important step. Rather than depending on the National Film Board exclusively Pay T.V. is a new outlet which could be of value to the education and development of our filmmakers themselves. Hopefully the best opportunity for any artist is to learn in a professional situation. It's time that our creative element be weaned off the gov't grant system. To do this our arts must flourish, therefore we need every media form available.

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This is a problem which will no doubt face the system. I would like to come forward with a proposal.

Assuming that Pay T.V. viewers will receive a book of programs and prices, I suggest that viewing areas and households be assessed as to the viewing audience. For instance...general...parental guidance ...adult...and restricted. For each designation there should be a Program directory which stays with in that particular format. Simply if the area is rated general then no other programs than that are included

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Bob Segarini
(Musician)

TED BENOIT PROMOTIONS
TELEVISION CONSULTANT
FILM PRODUCTION.
137 St.Vital Road,
Winnipeg, Manitoba,
R2M 2A1

COMMENT
COMMENTAIRE
ADD To #N-13

Chairman 9-12-2 (TV)

Mr.H.J.Boyle, Chairman,
Canadian Radio, Television and Telecommunications Commission,
Berger Building,
100 Metcalfe Street,
Ottawa, Ontario, K1A 0N2

Dear Sir,

I am an independant film producer in the process of forming a film production unit in Winnipeg, Manitoba. Naturally, I am interested in seeing the film industry in Canada growand thru' Pay TV the industry just might recieve the needed funds to put the film industry in a far better situation than it is at the present time.

I have studied only four briefs submitted to the Commission and feel the only suitable brief, of the four, is that as presented by the Pay- TV Network. At the very least I feel they are offering to put some of their revenues at the disposal of the film industry in Canada, in my estimation, the amounts and method of distribution would bear close inspection at all times to ensure equitable input to the industry at large thruout Canada.

I respect the brief of Pay-TV Network but feel the need of legislation by the Commission to ensure all statements are fulfilled.

Properly regulated and administered, I strongly feel, the Pay- TV Network submission will benefit, not only, the film makers in Canada but also the movie viewing public at large, by providing necessary funding not always available thru' other Agencies for independent production.

Of the four submissions I have studied I feel the Pay-TV Network proposal will benefit the film industry, the performing arts and the movie viewing public at large and for Canadian talent to be seen and appreciated abroad.

Respectfully submitted,

Ted Benoit

Ted Benoit.

Received — Reçu
Executive Assistant's Office
Bureau du Chef de Cabinet
APR 20 1977
C.R.T.C. — C.R.T.C.

6 - 890 McMillan Avenue
Winnipeg, Manitoba R3M 0V5

Received by - Reçu par
SECRETARY

C.R.T.C.

11 April 1977

COMMENT
COMMENTAIRE
ADD TO N-13

Mr. H. J. Boyle
Chairman
Berger Building
100 Metcalfe Street
OTTAWA KIA ON2

Dear Mr. Boyle:

As the Public Relations Director of The Winnipeg Contemporary Dancers, I was recently invited to attend a reception where the representatives of the Pay Television Network (PTN) discussed their proposal. Also in attendance was a good cross-section of the various independent film producers and arts organization representatives of Winnipeg.

I personally felt PTN's concept is logical and plausible; the concerns raised by the film producers centred mainly on the aspect of PTN's commitment to invest large sums of money for Canadian productions, however, firm assurance was given in this regard.

As a concerned individual, and also due to my position with an arts organization, I can readily envisage a network of this sort being a valuable means to promote the diverse cultural richness of our country and enabling exposure for the many theatre, dance and other arts groups to parts of the country never reached before.

While PTN clearly stated that full length, current movies would be the mainstay of programming, their commitment to a considerable investment in Canadian film production is very encouraging to those concerned in the film industry.

The one area not brought up for discussion, however, and one which has piqued my curiosity and concern is the question of Canadian content. Perhaps you can divulge the parameters of their compliance to that area of ruling in comparison with existing broadcast networks. This would, naturally, have a direct effect on the whole area of actual productions commissioned by PTN (if granted their licence).

Notwithstanding the above, I wish to add my name to support of PTN.

Regards,

VALERIE HASTINGS

- DANCE MUSIC
- STAGE AND AND VARIETY PRODUCTIONS
- COMMERCIAL RECORDINGS
- FILM SOUND TRACKS
- BROADCASTS
- ENTERTAINMENT BOOKING SERVICE
- PUBLIC RELATIONS

11 April 1977

GOVERNMENT
CRTC REGISTRY
ADD To # N-13

Mr. H.J. Boyle
Chairman, C.R.T.T.C.
Berger Bldg., 100 Metcalfe St.
Ottawa, Ontario.
K1A 0N2

Dear Sir:

I recently had occasion to review the Pay TV Network Ltd. submission to the CRTC concerning pay TV in Canada.

Although I am unable to attend the hearings in person, I wanted it to be known that I totally support the concept and urge the CRTC to endorse their submission to become a reality in Canada.

Yours truly

(J.A.King)

2622 ASSINIBOINE CRESCENT ■ WINNIPEG, MANITOBA R3J 0E7 ■ PH. 889-8[illegible]

PTN

CDW:DD

COMMENT
COMMENTAIRE
1-13

April 11, 1977

Mr Guy Lefebvre
Secretary General
Canadian Radio-television and
Telecommunications Commission
100 Metcalfe Street
OTTAWA. ONTARIO KIA ON2

Received by – Reçu par
SECRETARIAT
Apr 15 1977
C.R.T.C.

Dear Mr Lefebvre

PTN Pay Television Network Limited welcomes the opportunity to appear before the Commission on May 30, 1977 to discuss the concept of Pay TV as detailed in the PTN brief "Structuring the Introduction and Development of Pay Television in Canada" dated October 1, 1976 and the Pay Television brief "The Opportunities, Challenges and Approach" dated May 16, 1975.

It is our understanding that the October 1, 1976 submissions will form the basis for the May 30 Hearing.

The Commission's February 3, 1977 Notice of Public Hearing contained several comments relating both to the content of the October 1, 1976 submissions as well as the Commission's expectations for the April 15, 1977 submissions.

Following are PTN's comments on the five points raised in the February 3 Notice on Pay TV as well as our responses (referenced to sections of the PTN brief) on the twelve questions posed by the Commission under item five of the Notice (pages 4 and 5).

.../2

PTN Pay Television Network Limited
RTP Le Réseau de Télévision à Péage Limitée
Suite 2602, Commercial Union Tower
P.O. Box 249, Toronto Dominion Centre, Toronto, Ontario M5K 1J5
Telephone 416 - 869 0152

CRTC "Notice of Public Hearing"
Pay Television, February 3, 1977

1) "Very few submissions addressed the question of the form and function of a Pay Television agency."

Chapters II and III of the PTN brief provide comprehensive answers to the question of the form and function of a Pay TV agency or network.

2) "Many submissions indicated that the potential value of Pay Television would be far outweighed by its negative impact on the present broadcasting system. For example, it was stated that Pay Television in Canada would be dominated by U.S. feature films with little benefit for the Canadian program production industry. It was also suggested that programs now freely available over the present Canadian broadcasting system could be siphoned on to a Pay Television service".

Appendix C of the PTN brief argues the "net" or relative benefit that can accrue to the Canadian production industry if Pay TV is introduced.

Appendix E, page 4, details the absolute value of the funds anticipated to be available for Canadian production.

To summarize, under the PTN model, the proposed expenditures on Canadian productions break down roughly as follows over the first five years of operation:

Film Investments	$45,600,000
Film Purchases	10,000,000
Screen Plays	1,200,000
Other Programming	21,100,000
	$77,900,000

.../3

3)	"The cable television industry was confident that Pay Television could be successful in Canada and that significant revenues could be generated to assist Canadian production. The cable industry expressed its belief that if Pay Television were not very soon introduced into Canada by licensed operators, there would be a movement towards the development of non-licensed closed circuit systems which could adversely affect the Canadian broadcasting system. It was also pointed out that the possibility of over-the-air Pay Television in border U.S. cities could mean the inevitable spillover of Pay Television service into Canada".	We concur with the Commission's partial summary of the PTN position.
4)	"Many submissions from public and private broadcasters and independent program producers expressed direct opposition to the introduction of Pay Television into Canada at this time. In addition, the submissions illustrated that if Pay Television were to be introduced into Canada, fundamental consideration would have to be given to many alternative arrangements involving the direct or joint participation of the broadcast, cable and program production industries in the operation of a Pay Television program agency".	Chapter III of the PTN brief, pages 5, 6 and 7 contain a description of the PTN program or agency ownership model. PTN feels, as do private and public broadcasters and independent program producers, that share participation in the network should be made available to all interested parties. However, as explained in detail in Chapter III of the PTN brief, we feel that the cable companies should hold a significant portion of the network share capital.

.../4

5) "It was strongly recommended that a Public Hearing would be necessary to further explore all issues related to Pay Television".	PTN endorses the principle of the May 30 Public Hearing on Pay TV, but urges the Commission insofar as this is the second Public Hearing on Pay TV in less than two years, to deal with the issue as expeditiously as possible following the May 30 Hearing.

On pages 4 and 5 of the February 3 Notice of Public Hearing, the Commission raised twelve questions that it hoped would be thoroughly explored at the upcoming Public Hearing.

We have listed below the specific references in the PTN brief that we believe deal with these questions:

1. "What kind and form of Pay Television programs should the agency provide consistent with the role and objectives of the Canadian broadcasting system?"	Appendix E Chapter III, page 3, item 2. Chapter I, pages 2, 3 and 4.
2. "How can a Pay Television program agency be supportive of Canadian creative and production resources?"	Chapter I
3. "How can such an agency respond to the national and regional demands of Pay Television subscribers?"	Chapter I, page 4, para 4
4. "What form of anti-siphoning restrictions should be applied?"	Introduction, page 5, paras. 4 and 5.
5. "How should such an agency be structured?"	Chapter III

.../5

6.	"Should the agency providing programs to licensed distributors be a private corporation, a public corporation or a mixed corporation involving both private and public participation on a non-profit or profit basis?"	Private, public, mixed ownership, Chapter III, pages 5, 6 and 7. Profit/Non-Profit - Chapter III page 9.
7.	"Should broadcasters, cable licensees and program producers participate?"	Chapter III, pages 5 and 6.
8.	"How should the capital structure be formed?"	Chapter III, pages 8, 9 and 10.
9.	"How will the agency collect its share of revenue?"	Chapter III, page 9, para. 4.
10.	"What percentage of revenue should be allocated to the distributor?"	Appendix E, page 2, point 2, para. 5.
11.	"How should a Canadian content requirement be applied?"	* Appendix E, page 2, point 2, para 4.
12.	"What percentage of revenue should be allocated to Canadian program purchases?"	* Appendix E, page 2, point 2, para. 4.

* PTN firmly believes in a "$" Canadian content requirement rather than "time" content requirement as Pay TV is a purely discretionary service. Rather than legislating the exposure of Canadian programs, we must allocate sufficient funds to Canadian productions to ensure their successful marketplace acceptance.

.../6

Since the PTN brief was submitted on October 1, 1976, we have viewed with some alarm both the development of an unlicensed Pay TV "cottage industry" in Canada and the rapid proliferation in the United States of applications to the FCC for STV (over-the-air) Pay TV licences.

We are more concerned than ever that the lack of a Canadian Pay TV policy will ultimately result in the erosion of the significant financial benefits that could accrue to the Canadian production industry from a flourishing but carefully regulated Pay TV industry.

We would be happy to provide any further information the Commission may require and look forward to appearing before the Commission at the May 30 Hearing.

Yours sincerely

Colin D. Watson
President

canadian
cablesystems limited

Suite 2602, Commercial Union Tower,
P.O. Box 249, Toronto Dominion Centre,
Toronto, Ontario M5K 1J5
416-869-0152

April 11, 1977

Mr G. R. Lefebvre
Secretary General
Canadian Radio-television
and Telecommunications Commission
Berger Building
100 Metcalfe Street
OTTAWA. ONTARIO KIA ON2

Dear Mr Lefebvre

This is in response to the Commission's February 3 "Notice of Public Hearing" regarding the May 30, 1977 Pay TV Hearings.

On May 16, 1975, Canadian Cablesystems Limited, in conjunction with two other major Canadian cable companies, submitted a Pay TV brief entitled "The Opportunities, Challenges and Approach". Representatives of Canadian Cablesystems Limited appeared at the subsequent 1975 public hearing on Pay TV and elaborated on the contents of this brief.

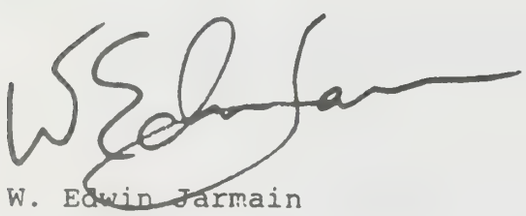
Subsequently, Canadian Cablesystems Limited joined with many other Canadian cable operators in the formation of PTN Pay Television Network Limited and Canadian Cablesystems Limited continues to endorse both the concept of PTN Pay Television Network Limited and the brief submitted on October 1, 1976 by PTN entitled "Structuring the Introduction and Development of Pay TV in Canada".

We are pleased that the Commission has scheduled public hearings on Pay TV as we are most anxious to see this important potential subscriber service regulated in the interest of both our subscribers and the Canadian broadcasting system.

.../2

While we feel that our position at the public hearing will be well represented by PTN Pay Television Network Limited, we would be quite happy to provide the Commission with our corporate viewpoint at any time.

Yours truly



W. Edwin Jarmain
President

Canadian Broadcasting League
Ligue de la Radiodiffusion Canadienne

1/2 - 2/ (Pay TV)

4 April 1977.

Lise Ouimet,
Secretary General,
Canadian Radio-television and
Telecommunications Commission,
100 Metcalfe Street,
Ottawa, Ontario.
K1A 0N2.

Received by – Reçu par
SECRETARIAT
Apr 13 1977
C.R.T.C.

COMMENT
COMMENTAIRE
N-14

Dear Miss Ouimet:

RE: Forthcoming Pay Television Hearing

As you are aware, on October 1 of last year, the Canadian Broadcasting League submitted to the CRTC its evaluation of proposals for development of Pay Television service for Canada. The CBL has reviewed the Commission's February 3rd call for supplementary submissions and I have been instructed to notify you that the League will file no additional brief on Pay TV with the Commission. Such supplementary information as we could provide would be drawn from the CBL's study, "For A Few Dollars More: Pay Television and the Public Interest", a copy of which has, we understand, already been provided to the CRTC by the Department of Communications.

If the agenda permits, however, we would appreciate an opportunity for representatives of the League to appear before the Commission at the May 30th hearing.

Yours sincerely,

Kealy W. Brooker

PO/BP 1504, Ottawa, Canada, K1P 5R5. Tel. 613-232-1591.

TELECOMMUNICATIONS

CANADIAN NATIONAL
A. J. KUHR
GENERAL MANAGER
151 FRONT STREET WEST, TORONTO, ONTARIO

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J. G. SUTHERLAND
GENERAL MANAGER
740 NOTRE DAME ST. WEST, MONTREAL, QUEBEC

11 April 1977

Mr. Harry Boyle
Canadian Radio-Television and
Telecommunications Commission
100 Metcalfe Street
Ottawa, Ontario

COMMENT
CRTC MAIL
N-15

Dear Sir:

Your initial request in 1976 and subsequent request of February 23rd, 1977 for submissions respecting the introduction of Pay TV in Canada has motivated CNCP Telecommunications to join with AGRA Industries' principal officials in preparing a submission paper. This is herewith enclosed together with our initial submission of September 30th, 1976, which reflect our combined views as to how Pay TV could be effectively introduced in Canada.

We have attempted to propose an effective approach in providing this new service to the Canadian public. CNCP would appreciate your invitation to appear, along with our colleagues at AGRA Industries, at the forthcoming Public Hearing on this subject.

Yours truly

General Manager

Vice President
Telecommunications

Att.

PRESENTATION BY
CNCP TELECOMMUNICATIONS AND AGRA INDUSTRIES LTD.
TO
CANADIAN RADIO-TELEVISION AND
TELECOMMUNICATIONS COMMISSION
REGARDING PAY T.V. IN CANADA

Telecommunications
CNCP

AGRA

APRIL 11, 197-

CNCP AGRA

MR. CHAIRMAN AND MEMBERS OF THE COMMISSION:

INTRODUCTION:

CNCP Telecommunications and AGRA Industries are pleased to submit this letter in reply to your request of February 3rd, 1977, for additional comments on the possible form and function of a Pay Television Agency. You are no doubt aware that CNCP/AGRA have already submitted a brief (copy attached) on this subject dated September 30th, 1976, in which we expressed our interest in participating in the Canadian Pay TV industry providing *"Signal Transportation"* across the country together with an energetic merchandising effort to sell the service to the various *"Local Distributors"* throughout Canada. This letter has been prepared as an addendum to our previous brief.

As outlined in our previous brief, we believe that Pay TV would be best and most efficiently instituted in Canada by three organizations working together. These organizations would be:

The Program Packager or Pay Television Agency.

The Signal Transporter.

The Local Distributor.

We have described our concept of the above three organizations and their inter-relationship in our original brief on pages 2 to 5, and we refer you to this rather than repeat the material here.

THE PAY TELEVISION AGENCY

The key to the above structure is the *"Pay Television Agency"*, since it will be responsible for selecting and packaging program material and for generally directing the activities of the other two organizations. We suggest that the *"Pay Television Agency"* should be organized as a Crown Corporation, since this is the best way to guarantee that when Pay TV is introduced into Canada it will satisfy the demands of the public while ensuring positive benefits to the Canadian broadcasting system and the Canadian program production industry.

The Government and the CRTC have established important political, social and economic objectives for Pay TV. However, Pay TV is a very new field in which it is very difficult to design and plan with certainty of outcome. In very similar circumstances in the past, government has seen fit to introduce new services

into Canada through the agency of Crown Corporations. Commercial air transport is a notable example of the introduction of a new service intended to serve national, political, social and economic objectives in a field of considerable technical and economic uncertainty at the time. Trans Canada Air Lines, now Air Canada, successfully performed this function, satisfying the demands of the public and performing the political, social and economic roles demanded of it.

We suggest, therefore, that the most appropriate form of agency to develop and operate Pay TV programming in Canada is a Crown Corporation.

THE ROLE OF THE PAY TELEVISION AGENCY

The Crown Corporation, formed and generally directed by an Act of Parliament, would be completely responsive to the general policy instruction of that Act yet would be free, in the tradition of Crown Corporations, to make its own day-to-day business and operating decisions towards those general objectives. The directors and management of such a Crown Corporation would make their own decisions on the detail of program content, the economic relationships to cable television systems and broadcasting stations, whether to "make or buy" their programs, the technical detail of their *"Program Transportation"* and *"Distribution"*, and the charges to be made to the public for the new Pay TV services. Parliament would provide general direction and guidance through the incorporating Act, but the details of organization and operation would be left to the Board of Directors of the new Crown Corporation and the management team they would appoint.

We would recommend that the CRTC be given regulatory jurisdiction over this Crown Corporation as an important aspect of both broadcasting and general telecommunications operations in Canada. We would further recommend that the Board of Directors be appointed to represent strongly the will of Parliament, but that it should also include representation from the private business interests most obviously involved and from other government agencies which are directly affected and interested. Directors might be appointed to represent the interests of private broadcasters, cable television, CBC and the general public.

CNCP/AGRA continue to be interested in providing *"Signal Transportation"* and networking facilities for Pay TV services in Canada. We are confident that we have the background experience to work effectively with the Pay Television Agency and to organize *"Local Distributors"* quickly and efficiently. We hope that we may have an early opportunity to discuss the details of our services with a newly appointed Crown Corporation management team.

CNCP AGRA

CONCLUSION

As stated in our brief of September 30, 1976, we feel that the early institution of Pay TV can be a positive force, adding to the quality of Canadian life. The Crown Corporation appointed to carry out this service for Canadians, could very soon look to larger markets. There is a growing, in fact, insatiable demand internationally for high quality, entertaining and informative programming material for television and movie theatres. As Canadians with the ability to develop programming in both French and English, we can compete in many areas of the world, and thus have the potential to develop a major and viable Canadian industry. By making full use of our experience and expertise in the various fields of film making, photography, drama and music, and with the added injection of exposure and financing which a government sponsored Pay Television Agency can supply, we should soon be in a position to sell our products throughout this large and growing world market.

In summary, CNCP/AGRA stand prepared to support the following:

- *The vital need of Pay TV in Canada*
- *Our previously stated conviction that a specific organization, CNCP/AGRA, be appointed to carry the responsibility of the "Signal Transporter".*
- *That the most appropriate form of agency to develop and operate Pay TV programming in Canada is a Crown Corporation.*

THIS BRIEF IS SUBMITTED ON BEHALF OF CNCP/AGRA.

General Manager,
Canadian National Telecommunications.

Vice President,
Canadian Pacific Telecommunications.

President,
AGRA Industries Limited.

April 11/77

télécable vidéotron

3700 BOUL. LOSCH, ST-HUBERT, QUE., J3Y 5T6, TEL.: 656-2111

Le 14 avril 1977.

Conseil de la Radio Télévision Canadienne,
100 Metcalfe,
Ottawa.

COMMENT
COMMENTAIRE
N-16

Att. Mme Lise Ouimet,
Secrétaire général

RE: Télévision à péage

Madame,

La décision d'autoriser la "télévision à péage" doit se placer dans le contexte d'un plan d'orientation pour le développement de la télé-distribution.

Ce plan ne peut être conçu sans l'évaluation d'expériences en laboratoire et la participation des différents groupes impliqués dans le développement des communications.

Vous trouverez ci-joint notre mémoire "Réflexion sur le développement de la Télé-distribution".

Veuillez agréer, Madame, l'expression de nos sentiments distingués.

André Chagnon,

Président.
AC/lg

Received by
QUEBEC
APR 14 1977
C.R.T.C.

R E F L E X I O N

SUR LE DEVELOPPEMENT DE LA TELE-DISTRIBUTION

PREPARE PAR

TELECABLE VIDEOTRON

LE 7 AVRIL 1977.

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INTRODUCTION

Ce document vise à dire, aux organismes législatifs et règlementaires, que l'industrie de la télé-distribution a un besoin urgent de planification à long terme et que les agents qui influencent son développement doivent favoriser la mise au point d'un plan cohérent de développement, le plus tôt possible, des communications publiques afin que les actions posées par les producteurs, transporteurs, législateurs, chercheurs et manufacturiers soient coordonnées et entreprisent dans un cadre de référence.

Nous basons notre réflexion sur le développement de la télé-distribution en tenant compte de:

- l'expérience acquise en câblodistribution par notre entreprise, durant les douze dernières années et plus particulièrement par les expériences que nous développons sur la Rive-Sud de Montréal (voir annexe 1);

- des échanges de points de vue lors des six réunions du "Communications Research Conference Board" (voir annexe 2);

- du rôle catalyseur que pourra jouer la télévision sélective à péage dans le développement de l'industrie de la production de contenus canadiens et de la câblodistribution;

- du rôle respectif des producteurs et des transporteurs (contenu/contenant);

- de la nécessité de planification à long terme du développement des communications publiques.

SITUATION DE LA PROBLEMATIQUE

L'avènement de la télé-distribution, il y a quelques années, s'est axé sur la redistribution des contenus transmis par les stations de radio et de télévision. Cette technologie, à ses débuts, a surtout permis aux consommateurs d'augmenter le choix des contenus.

Par la suite, d'autres dimensions se sont ajoutées à la première pour imprimer une réflexion à la télé-distribution, une originalité du médium ... la télé-communautaire..., les services spécialisés d'information (alpha-numérique ou autre).

Dans un passé beaucoup plus récent, certaines entreprises ont agrandi cette originalité en utilisant une technologie plus efficace, système inter-actif, ou l'utilisation d'une bande agrandie de 5 à 300 MHz, le choix d'une méthode de câblage en "étoile". De nouvelles formes de services sont devenus disponibles tels l'auto-programmation, la communication (en direct) bi-directionnelle ou multi-directionnelle.

Ces services et schémas nouveaux de communication sont indicatifs des vocations spécifiques de la câblodistribution et risquent, sous la pression des facteurs sociologiques, économiques, énergitiques et écologiques, de devenir des éléments de solution de premier choix et de grande envergure dans les ressources de distribution et de télé-communication.

L'intégration et l'adaptation de la technologie contemporaine, informatique et électronique, les volontés d'inter-liaison des entreprises de télé-distribution, l'intégration des ressources humaines de plus en plus hautement spécialisés, sont des indicateurs sérieux de l'importance de ce développement.

Nul doute que ce développement doit tenir compte d'un ensemble de facteurs essentiellement basés sur des besoins des usagers, sur le développement rationnel et efficace des systèmes et des ressources.

Ce shéma de développement suppose une concertation des parties: USAGERS, PRODUCTEURS, TRANSPORTEURS, COMMUNICATEURS, LEGISLATEURS, CHERCHEURS et MANUFACTURIERS, afin d'établir:

- les objectifs à court, moyen et long terme
- les principes directeurs
- les méthodes
- les techniques
- les ressources
- les contrôles nécessaires à l'élaboration d'un PLAN D'ORIENTATION.

Ce PLAN D'ORIENTATION permettrait un cadre de référence auxquels pourraient se rapporter les principaux acteurs du développement et ainsi minimiser les pertes économiques et les ressources souvent attribuables à l'incoordination, à la méconnaissance, à l'interprétation des intentions ou des volontés, à la répétition des expériences dont les résultats sont déjà connus, à l'insécurité et l'isolement des parties.

Il est URGENT et élémentaire que les organismes politiques responsables se conscientisent face à cette problématique et conviennent de leur rôle d'accélérateur dans la mise en place de cette politique. C'est d'abord d'intérêt public et c'est surtout logique. Prévoir c'est économiser! Prévenir c'est souvent s'écologiser!

Nous soulignons, dans le contexte de la démarche, quelques points de références non-exhaustifs qui pourront orienter le débat:

La problématique de:

1. L'usager du système
2. ou producteur
3. ou transporteur
4. ou législateur
5. ou chercheur
6. Des manufacturiers

1. L'USAGER

Sa problématique: Acteur ou victime des systèmes et de la technologie.

Cet usager aspire à des moyens qui lui rendent accessible et simplifient cet accès à l'information et à la connaissance.

Plus de 20% des citoyens sont retenus à domicile pour des causes de garde, d'handicaps ou autres; ils pourraient bénéficier d'une ressource d'enrichissement culturel et de service de formation.

Le recyclage des travailleurs est confronté aux problématiques de temps (horaires), de distance, d'espace, de disponibilité des effectifs, des coûts de déplacements. L'usager préférerait peut être continuer sa formation à la maison lorsque les facteurs: temps, espace, coût, etc..., sont non négociables.

On peut identifier des avenues intéressantes en explorant les caractéristiques spécifiques à la câblodistribution, la multiplicité des fréquences disponibles, l'inter-activité des infrastructures. Si on lui ajoute à ces caractéristiques, les supports informatiques, la télé-commande, ainsi que l'inter-liaison, on y retrouvera un moyen majeur qui, dans son état actuel, est sous utilisé mais demeure un potentiel à explorer.

Ajoutons à cette dimension sa fonction potentielle de facilitateur et l'on peut envisager un ensemble de rôles utilitaires qui pourraient être disponibles aux usagers - la réservation (théatre) - la consultation de banques de données - le télé-achat, la télé-surveillance, etc...

L'usager et sa fonction dynamique de communicateur

Jusqu'à maintenant, l'usager a été maintenu dans sa fonction de récepteur audio-visuel passif. Les premiers schémas de communication bi ou multi-directionnelle sont à se réaliser. Restituer à la communication audio-visuelle ses 2 pôles essentiels - émetteur/récepteur - est une avenue qui mobilise des énergies de plus en plus importantes. Il s'agit d'observer l'importance dans les secteurs de la recherche sur les télé-conférences pour bien saisir la volonté des communicateurs de se situer dans l'instantanéité de l'évènement et de sa dynamique. Le rôle, les schémas de cette forme nouvelle d'utilisation des moyens sont à explorer.

Une analyse sérieuse des besoins des usagers devrait devancer la mise en place de la technologie afin d'éviter que la quincaillerie se développe principalement sur les besoins des utilisateurs.

2- LE PRODUCTEUR

Sa problématique dominante: L'ACCES A LA DISTRIBUTION.

Les producteurs de contenus ont toujours connu des difficultés attribuables à l'incapacité de leurs réseaux de distribution (accès limité des salles de cinéma et/ou émetteur de télévision) à faire connaitre leurs contenus.

Les thèmes et la didactique de productions s'inscrivent dans la personnalité des moyens de distribution "mass appeal" un champ largement contrôlé et noyauté par les sociétés internationales.
L'absence de système souple de distribution à accès universel (domicile) essentiellement basé sur un système longitudinal (à demande) rend non rentable la production de contenus spécialisés.

Les organismes publics mandatés par l'Etat pour produire de tels contenus (éducatifs, culturels, scientifiques) se retrouvent avec des systèmes de distribution archaique qui rendent, à toute fin pratique, le contenu inaccessible à l'utilisateur moyen.

Les régimes qui gèrent les conditions de la diffusion (droits d'auteurs, support, etc...) sont le plus souvent l'image du système de distribution.

Les expériences conduites par l'O.N.F., et RADIO-QUEBEC sur notre système d'auto-programmation témoignent de l'efficacité et de l'intérêt des usagers à les consulter.

Il faut aussi analyser le manque d'efficacité des systèmes de distribution verticale (contenu-masse) à solutionner le besoin de reprises pour s'harmoniser avec la disponibilité des USAGERS. On pourrait retrouver, dans un système de distribution longitudinale, une source de revenus additionnels pour les producteurs et les artistes au lieu de remiser ces contenus aux "archives nationales" et l'on solutionnerait les effets négatifs de la non-disponibilité de l'usager (récepteur).

Le président de Radio-Canada, Al Johnson, exprimait récemment le besoin d'un 2ième canal de distribution par câble...

On pourrait aussi utiliser les centres de productions conventionnels pour créer un ensemble de contenus spécialisés adressés à des groupes d'intérêts spécialisés et de ce fait augmenter la production et l'utilisation des ressources humaines et rentabiliser les ressources techniques.

La solution à la problematique de la production canadienne réside beaucoup plus dans la mise en place de moyens efficaces de distribution afin d'utiliser plus judicieusement la production disponible.

Toute les parties y retrouveraient leur intérêt:

L'USAGER serait mieux servi.

LA PRODUCTION et LES AUTEURS pourraient se développer et se produire.

ET LA TELE-DISTRIBUTION sortirait de son stade de moyen sous-utilisation.

ET LA FRAGMENTATION?

Le "RADIO-DIFFUSEUR" prétend que la télé-distribution est un instrument de fragmentation... Nous croyons, bien au contraire, que dans cette prospective, elle est un complément peut être essentiel à sa survie... soyons un peu plus rationnel.

Le radio-diffuseur, compte tenu de la fréquence unique qu'il détient, compte tenu de la perception de son revenu principal tiré de la promotion publicitaire insérée dans sa programmation, sera essentiellement orienté dans la production et la diffusion de contenus de masse et s'il ne trouve un complément de revenus dans la reprise sélective de ces contenus dans un système de distribution sélectif et s'il ne profite de ce système pour produire des contenus spécialisés, il risque fort de subir la vraie fragmentation qui lui sera amenée par la mise en marche des équipements périphériques au téléviseur.

Les jeux "vidéogame"

a) Les jeux "vidéo-games" de plus en plus sophistiqués permettent déjà de programmer 48 différents jeux. L'industrie a produit trois millions de jeux en 1976 et estime la production de 1980 à 20 millions de jeux. (voir annexe 5). L'utilisation des "vidéo-games" évoluera du divertissement à l'information à la formation.

b) Les appareils à enregistrer les émissions de télévision (Bétamax de Sony et autres) ont connu un grand succès en 1976. La production de 1977 est estimée à 600,000 et celle de 1980 à trois millions.

c) Les vidéo-disques seront sur le marché en 1977. On prévoit un succès plus important que la Bétamax.

Vidéo game	$ 200	
Vidéo disc	$ 800	
Bétamax	$ 1000	$2,000 .

Six (6) millions de foyers canadiens à $2,000: 12 milliards. Ce montant dépensé pour l'achat de produits étrangers est aussi élevé que les immobilisations totales du réseau téléphonique canadien.

La majorité des canadiens vont peut-être se payer ces "gadgets" à cause de notre inertie à mettre en place un réseau de distribution efficace qui permettrait d'offrir des contenus et des services diversifiés avec une grande disponibilité.
En plus, on peut prédire que les contenus des vidéo-disques seront majoritairement étrangers.

Et puis, la fragmentation?

N'y aurait-il pas lieu d'y réfléchir, de se consulter et de se concerter?

3- LE TRANSPORTEUR

a) La problématique

La télé-distribution demeure sous-utilisée. Les organismes législatifs et règlementaires ont largement contribué à la maintenir et à la contenir dans son état de sous développement.

La sur-règlementation dont elle souffre, la convoitise dont elle est victime préparent-elles cette jeune industrie à grande vocation à subir le sort du coffre à trésor qu'on a pillé?

Quel sera son rôle dans les télé-communications? Contenant-transporteur spécialisé?

Quelle sera la capacité et les caractéristiques du réseau de distribution afin de satisfaire les exigences des besoins des usagers et la demande d'accessibilité des producteurs de contenus? Selon un modèle décrit à l'annexe 3 ?

Sa vocation sera-t-elle éternellement le prolongement d'une infrastructure déficiente de diffusion?

Un système de production locale pour les mal nantis ou les mal servis?

Une étape entre 2 générations de communication et de distribution?

Un propriétaire d'une infrastructure que l'on ampute des 2 bouts?... lorsque c'est pas dans le milieu!

La rentabilité sociale et économique de la télé-distribution eu égard à:

a) l'utilisation des infrastructures et des investissements déjà consentis et ceux en voie d'être consentis;

b) la rentabilité de la distribution des services et des contenus requis par les usagers;

c) à l'importance et à la nature de la rémunération des investisseurs.

b) Quelques avenues de solutions

Pour l'usager qui désire une plus grande souplesse des contenus et des services agrandis;

Pour le producteur de contenus et de services qui désire une plus grande accessibilité aux systèmes de distribution;

La réponse réside substantiellement dans le statut du transporteur lequel pourra ou non permettre d'acheminer les contenus et les services à l'usager qui le désire et distribuer les revenus de la distribution sélective à péage entre les producteurs et les autres transporteurs.

Pour réaliser cette avenue, la télé-distribution se doit de mettre en place un réseau efficace de distribution.

Ce réseau devra posséder les caractéristiques suivantes:

a) très grande accessibilité pour le producteur par de multiples canaux;

b) flexibilité du système de livraison des contenus. Le réseau doit être souple afin de permettre différentes formules d'adaptation.

Disponibilité des contenus	Base d'accessibilité par l'usager	Tarif
Regroupement par canal	Universelle	Base
OU	OU	OU
Individuel ou Par centre d'intérêt	Sélective OU Restrictive	Souscriptio OU contenu

Ce réseau pour être efficace devra posséder les éléments suivants:

i) Entreposage des contenus

Service facultatif d'entreposage des contenus offerts aux producteurs afin de distribuer ou rendre disponible leurs contenus aux usagers.

ii) Réseau de distribution

Ce réseau local de distribution devra être à large bande, inter-actif et à large capacité planifié vers une architecture telle que décrite à l'annexe 3.

Ces réseaux local devraient se regrouper sur une base régionale (40 à 50 milles de diamètre). Ce regroupement posséderait une tête de ligne unique et des standards identiques. A titre d'exemple, le Québec pourrait être subdivisé en 12 à 15 régions. La télé-distribution posséderait un réseau de capacité uniforme dans tout le territoire.

Il est important que l'on définisse maintenant les besoins et les standards requis pour éviter que les entreprises investissent aujourd'hui dans des équipements qui, à court terme, seront désuets, ou que des options basées sur la vocation traditionnelle de l'industrie la prive de flexibilité nécessaire pour répondre à de nouveaux besoins (polyvalence).

iii) Inter-liaison des régions

Les regroupements régionaux devront être inter-reliés par un système bi-directionnel à large capacité afin d'offrir: (c.f.) annexe 4) .

- aux producteurs de contenus: l'accessibilité à tout le territoire;

- aux usagers: une programmation complexe adaptée à leurs besoins spécialisés

1V) Le terminal (Black box)

Cet équipement, placé chez l'abonné, contrôlera et permettra l'accès aux contenus. Ce terminal débrouillera ou déverrouillera les signaux et permettra l'accès selon une base universelle, sélective à péage ou restrictive (médecins)... Il contrôlera en plus l'utilisation des canaux ou des contenus pour fin de facturation. Ce contrôle sera effectué sur une base régionale.

Cet appareil devra offrir le maximum de sécurité aux contenus livrés par le réseau, vers les usagers.

V) La mise en marché, la promotion continue des contenus, la facturation.

Ces services facultatifs devront être offerts par la télé-distribution aux producteurs ou distributeurs de contenus.

Il y aurait avantage, dans certains cas, à regrouper, sur un seul canal, des contenus disponibles à péage par souscription ou de les rendre disponibles individuellement ou par centre d'intérêt (finance, sport, théatre) selon la méthode à péage par contenu. Ce service pourrait être facultatif. Il faudra pour l'analyse des besoins pouvoir recourir à une compétence de programmation qui pourra être parfois une institution existante (R.Q., R.C., etc...), parfois une agence et un personnel spécialisé.

Le "marketing" est indispensable pour faire connaître et susciter une demande pour le service. Le "messaging" est indispensable pour maintenir l'intérêt vers le service.

La "facturation" et la redistribution des revenus de la télé-distribution sélective aux programmateurs, aux producteurs et aux auteurs seraient la responsabilité du télé-distributeur.

Ces services seront offerts exclusivement par la télé-distribution.

VI) La rentabilité

La télé-distribution ne peut remplir tous les mandats précédemment proposés avec la tarification présente. Le tarif maximum acceptable sera de $9.00 à $10.00 (compte tenu de certains index de "princing social") incluant la location d'un câblo-sélecteur pour le service de base universel.

La base de revenu existant doit être agrandie par l'autorisation d'offrir des services sélectifs à péage par contenu ou souscription. Ces revenus additionnels lui permettront de réaliser les objectifs proposés et aussi offrir un réseau de distribution efficace aux producteurs de contenus et satisfaire les besoins spécialisés des usagers.

4- LE LEGISLATEUR

LA PROBLEMATIQUE: L'harmonie, l'équilibre et la rationnalisation du besoin et des ressources.

Le législateur, par son mandat, doit énoncer les politiques qui sont susceptibles d'harmoniser les besoins des citoyens avec les ressources et les agents du milieu.

En matière de communication, le citoyen aspire à l'information, à la connaissance et l'expression.

Plus particulièrement au Québec, la culture et la langue ont besoin de véhicules et d'agents de communication pour maintenir l'équilibre fragile et fort complexe dans notre société nord-américaine.

La conjoncture économique, énergitique et écologique confrontent le législateur à de nouvelles problématiques. Ce dernier doit faire appel à de nouveaux moyens et à l'initiative de nouveaux agents pour assurer l'équilibre des besoins.

L'impact économique et industriel que représente les nouveaux moyens de communication mérite une analyse sérieuse compte tenu de l'importance du volume et du désiquilibre économique que représente l'importation de la technologie étrangère sans minimiser le conditionnement des moyens que devront subir les usagers. L'aide à la recherche et au développement industriel devront s'articuler sur une volonté d'être présent dans un des secteurs les plus importants d'une société contemporaine (la télé-distribution).

Le législateur doit favoriser la reformulation des lois et des règlements qui régissent l'encadrement des contenus afin d'agrandir l'accessibilité à l'information, à la formation et à la culture à tous les citoyens et d'atténuer l'élitisme qui a prévalu dans ce domaine.

Le législateur doit être présent à formulation, au développement et l'implantation des nouveaux schémas de communication afin de réduire la possibilité d'un développement anachronique (hors de la réalité contemporaine et la réalité des besoins) et désordonné et éviter ainsi les gaspillages des ressources et prévenir les échecs stérilisants.

5 - LES CHERCHEURS ET LES MANUFACTURIERS

Il est de notoriété publique que le Canada, qui a joué un rôle de premier plan dans le développement et la production d'équipement de communication, se voit maintenant réduit au rôle passif d'importateur dans les domaines de l'audio-visuel (exception faite de la téléphonie). Plus de 75% des récepteurs de télévision sont étrangers, plus de 95% de l'équipement de réseau et de productions en télé-distribution sont étrangers...

Il est aussi de notoriété publique qu'en matière de câblodistribution nous assumons au plan conceptuel et opérationnel, et ce principalement au Québec, le point de mire international.

Il est impérieux pour l'équilibre économique du pays que les ressources de recherche disponibles se concertent avec l'Industrie et la manufacturiers pour développer chez nous une industrie rentable, susceptible d'atténuer la situation qui prévaut actuellement.

Pour que cette industrie naisse, il est nécessaire que les organismes gouvernementaux appuient cette démarche et ne laissent cette initiative qu'aux efforts des entreprises privées.

CONCLUSIONS

1. Nous identifions, dans ce secteur de communication, trois acteurs inséparables ayant des orientations différentes et non-négociables:

   - l'usager désire la diversité
   - le producteur de contenus désire l'accessibilité
   - le transporteur doit maintenir une rentabilité tota

2. La problématique des télé-diffuseurs et des producteurs et de contenus canadiens en général, dans la conjoncture actuelle, peut être solutionnée par un réseau de distribution efficace offrant:

   - large capacité de canaux
   - inter-actif
   - réseaux de distribution inter-reliés
   - entreposage de contenus
   - contrôle de l'utilisation des contenus (terminal/black box).

Ce réseau offrirait aux producteurs de contenus:

- l'accès par câble à plus de 50% (aujourd'hui) du public canadien

- une base économique suffisante pour justifier une programmation de qualité et innovatrice

3. Il est impérieux que les organismes responsables favorisent la mise en place d'un schéma ou plan d'orientation afin de planifier à long terme le développement des communications publiques.

4. La télé-distribution représente le moyen contemporain de distribution le plus disponible et le plus sous-utilisé tout en conservant ses caractéristiques du moins polluant et du moins dispendieux.

5. La télé-distribution peut être un des moyens les plus effectifs d'assurer la démocratisation en rendant disponible l'information, la culture, la langue et donnant à l'usager un moyen public d'expression.

6. La télé-distribution représente un intérêt économique important eu égard à:

   a) la crise de l'énergie

   b) à l'industrialisation et au développement d'emploi

   c) à l'écologie

   d) au faible coût en relation avec le volume à distribuer et le nombre de récepteurs.

7. La survie de l'industrie du cinéma canadien peut être en corrélation directe avec le développement de la télé-distribution.

8. Nous croyons que le niveau de connaissance et l'état de la question nécessitent la mise en place d'un LABORATOIRE capable de tester et vérifier les besoins et les systèmes (les objectifs de ce laboratoire sont décrits ci-après).

RECOMMANDATIONS

1. De créer un laboratoire (un réseau de câble opérationnel) afin de conduire différentes expériences dans le but d'évaluer l'efficacité d'un réseau de distribution par câble qui permettrait d'accroitre la production de contenus canadiens et offrir la diversité de contenus souhaitée par l'usager tout en préservant les institutions en place.

2. De constituer une équipe de travail, formée des différents groupes impliqués dans le développement de la télé-distribution, afin de conduire une action concertée et créer un plan directeur pour le développement de la télé-distribution.

3. Nous recommandons que les autorités législatives et règlementaires évitent de disposer de l'orientation de la télé-distribution par des mesures telles la télévision à péage, la règlementation, sans que soit conduite cette expérience.

LE LABORATOIRE

Nous croyons qu'il est indispensable, maintenant, de mettre en place un laboratoire afin de vérifier, par des expériences, l'efficacité d'un réseau de télé-distribution par câble qui permettrait:

a) d'offrir la diversité des contenus souhaités par l'usager tout en préservant les institutions en place;

b) d'accroitre la production de contenus canadiens;

c) de vérifier les besoins et les schémas d'expression susceptibles d'être retenus par les usagers..

Ce laboratoire comprendra les caractéristiques et les éléments du réseau de distribution décrits précédemment.

Nous devons faire la preuve dans l'action d'un système de télé-distribution:

1) de contenus d'intérêt de masse (public cible) d'intérêt spécialisé:

   - distribué sur plusieurs canaux;

   - disponible selon un mode universel, sélectif ou restricitf;

   - payé selon une méthode de paiement par souscription, par contenu ou sur une base universelle.

2) de nouveaux services spécialisés:

   - télé-information, télé-emplette, télé-réservation.

3) de nouveaux modèles de communication et d'expression:

   - bi-directionnel à accès multiple

Nous souhaitons la mise en place, le plus tôt possible, de ce laboratoire même s'il y a une expérience importante qui débute à Higashi Ikoma au Japon. (Cette expérience a pour but beaucoup plus le développement de nouveaux gadgets qui seront produits et exportés vers les marchés internationaux).

Nous estimons qu'il est préférable d'évaluer la problématique de l'usager, du producteur et du transporteur et l'impact du développement des communications dans notre contexte canadien.

La mise en place de ca laboratoire pourrait se réaliser dans un échéancier composé de 3 phases.

PHASE 1

Vérifier le système de télé-distribution dans un format qui puisse permettre:

1) service de distribution universel (commun pour tous) et l'inter-liaison régionale des systèmes de télé-distribution.

PHASE 11

Vérifier le système de télé-distribution dans un format qui puisse permettre ce qui est décrit à la phase 1, auquel s'ajouterait la distribution sélective par contenu ou par service, par centre d'intérêt, en incluant la rétroaction.

Cette phase inclut la mise en place d'un terminal à l'usager.

PHASE 111

Ce qui est prévu en phase 1 et 11.

Distribution restrictive par contenu ou par centre d'intérêt et l'intégration de la télé-commande.

OBJECTIFS DU LABORATOIRE

Des expériences conduites dans l'action nous permettraient d'identifier et/ou évaluer:

a) besoins:
- de l'usager
- des producteurs de contenus
- des organismes qui ont à protéger et promouvoir les valeurs culturelles et éducatives.

b) Rentabilité:
- pour les producteurs
- pour le transporteur

c) Disponibilité de contenus:
- télé-distributeur (Broadcaster)
- producteurs indépendants
- producteurs d'organismes publics et para-publics.

d) Méthodes d'acheminement des contenus et accessibilité:

Programmation par:
- canal
- centre d'intérêt
- par contenu sur un canal spécialisé ou non spécialisé
- l'auto-programmation
- à demande (à la carte)

c) La coexistance et/ou la mise en commun des infrastructures de la câblodistribution et de la téléphonie.

f) Nouvel équipement

Les chercheurs et la manufacturiers canadiens pourraient participer au laboratoire et profiter de ces expériences pour développer une expertise dans de nouveaux produits tels que le cablorécepteur et le terminal.

g) Les organismes législatifs et règlementaires

Ils devraient participer, expérimenter, évaluer et suite aux expériences, ils pourraient établir les orientations du développement des communications publiques afin que les actions futures des producteurs, programmateurs, transporteurs, chercheurs, manufacturiers, soient entreprises dans un cadre référentiel.

h) Les transporteurs

Dans ce cadre référentiel, le transporteur pourra planifier le développement de son entreprise afin de répondre aux exigences d'un réseau de distribution efficace de distribution dont la preuve des besoins, disponibilités, des contenus et la rentabilité aura été faite dans le laboratoire.

i) Universités/chercheurs

Les expériences, dans ce laboratoire, leur permettrait d'effectuer les recherches nécessaires afin d'évaluer l'impact du développement des communications publiques. et d'identifier les avenues de solutions aux problématiques technologiques ou logistiques.

LE FINANCEMENT DU LABORATOIRE

Le financement du laboratoire devra prévoir les fonds nécessaires pour:

Réseau

frais à encourir pour construire ou modifier un réseau existant selon les exigences du laboratoire proposé.

Contenu

Frais à encourir pour développer et produire des contenus spécialisés ou innovateurs dans un marché restreint.

Administration

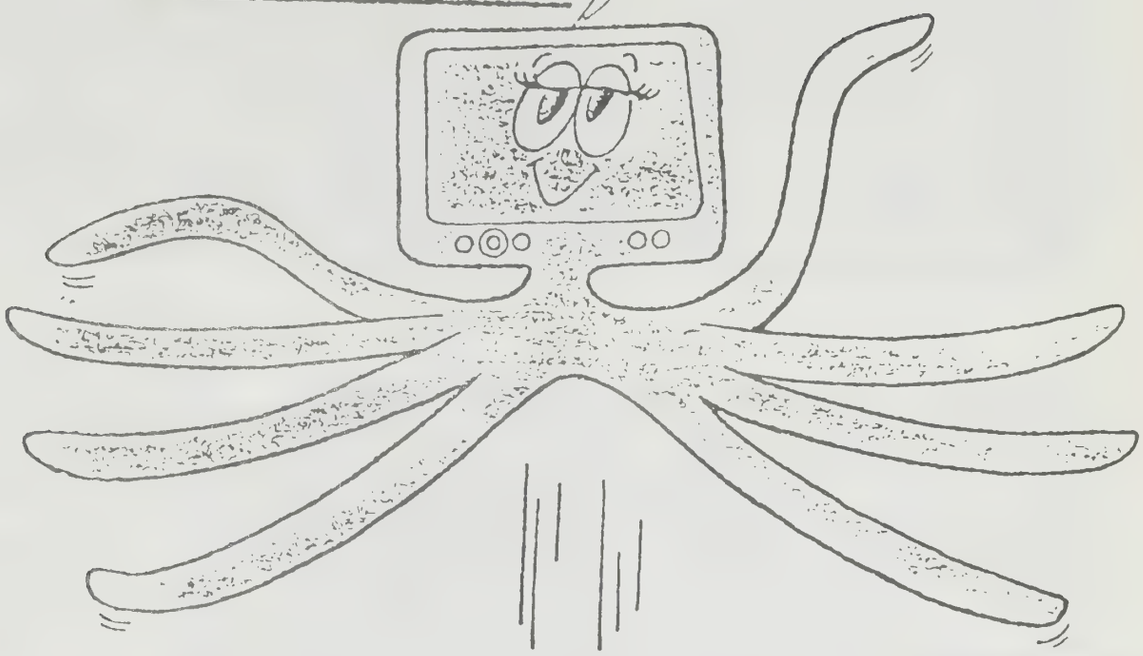
Les frais d'opération du laboratoire et de l'organisme responsable de l'évaluation des expériences.

Sources de financement

- Gouvernements
- Producteurs de contenus
- Transporteurs
- Usagers

-- ANNEXE I --

télécable vidéotron



13 CANAUX BRODACAST
BRDADCAST CHANNELS

CBFT
Radio
Canada
(2)

CFTM
Télé
Montréal
(10)

CHLT
Sherbrooke
(7)

CKTM
Trois
Rivières
(13)

CKSH
Sherbrooke
(9)

CIVM
Radio
Québec
(17)

CBMT
Radio
Canada
(6)

CFCF
CTV
(12)

CJSS
Cornwall
(8)

WCAX
Burlington
(3)

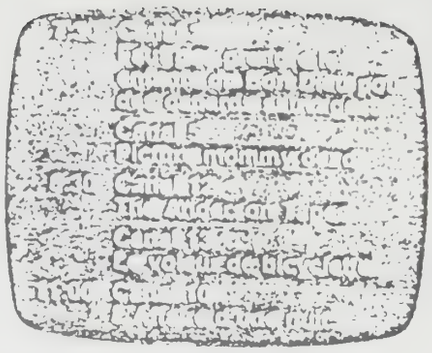
WPTZ
Plattsburg
(5)

WMTW
Poland Spring
(8)

WETK
Vermont
(33)



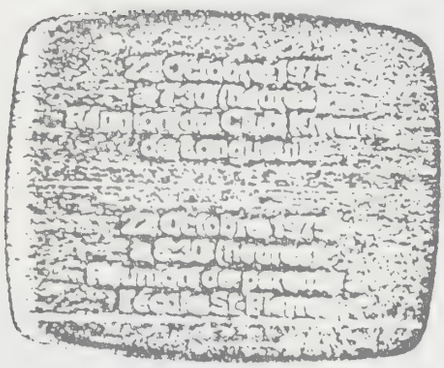
METEO
WEATHER



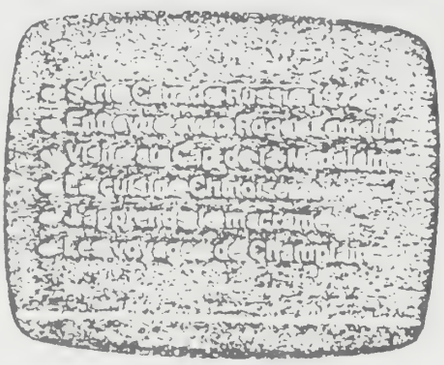
HORAIRE
TV GUIDE

9 canaux ressources et services

9 ces canaux sont en opération 24 heures par jour.



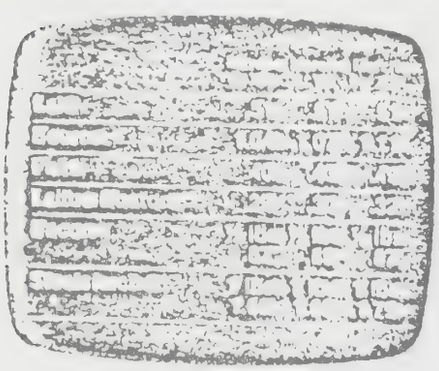
CALENDRIER DES ACTIVITES SOCIALES
CALENDAR OF SOCIAL ACTIVITIES



BANQUE DE DOCUMENTS
VIDEOTHEQUE

9 channels for local help and services

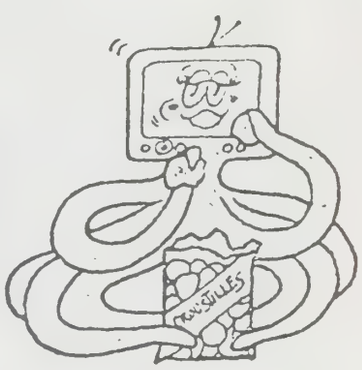
9 these channels are operating 24 hours a day

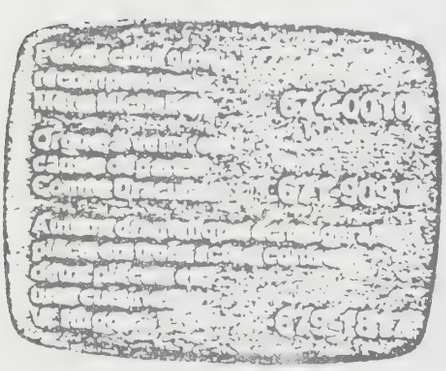


CONSOMMATION
SHOPPING BASKET



S.O.S.





PETITES ANNONCES
CLASSIFIED ADS



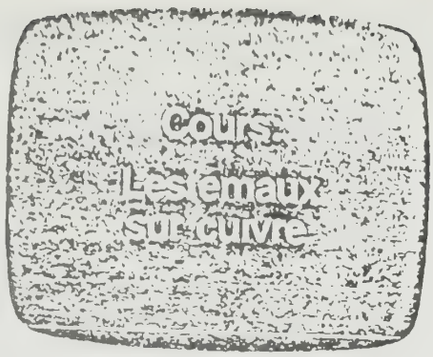
ARTS VISUELS
VISUAL ARTS



NOUVELLES LOCALES
LOCAL NEWS



ARTS ET SPECTACLES
ARTS AND LOCAL PRODUCTIONS



LOISIRS SOCIAUX-CULTURELS
CULTURAL AND
SOCIAL ACTIVITIES

9 canaux
magazine

6) ces canaux sont en opération 24 heures par jour.



LOISIRS SPORTIFS
SPORTS AND LEISURES



CANAL DES ETUDIANTS
STUDENTS' CHANNEL

9 magazine
channels

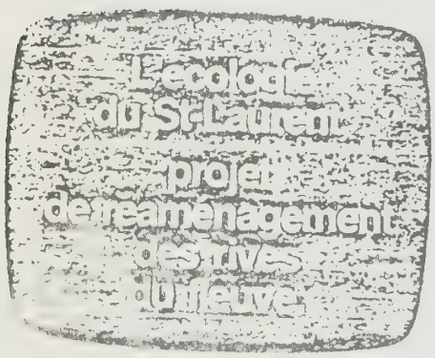
6) these channels are operating 24 hours a day



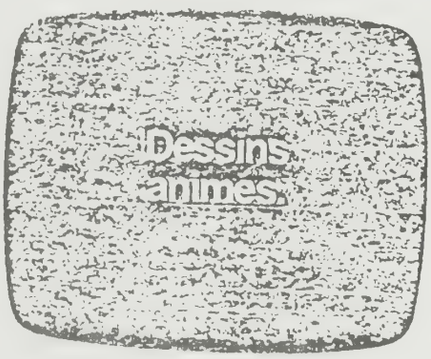
AFFAIRES SOCIALES
SOCIAL AFFAIRS



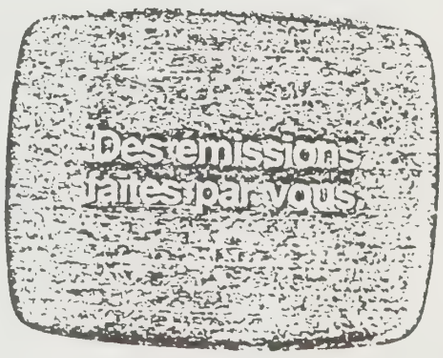
TROISIEME AGE
GOLDEN AGE



SCIENCES ET EDUCATION
SCIENCES AND EDUCATION



DIVERTISSEMENT - ENFANTS
CHILDREN'S CHANNEL



CANAL COMMUNAUTAIRE
COMMUNITY CHANNEL

- ANNEXE 2 -

TERMS OF REFERENCE AND PROCEDURES

COMMUNICATIONS RESEARCH

CONFERENCE BOARD

The Communications Research Conference Board (COMCOB) is a mechanism of interaction between researchers and planners in government and outside in the field of public telecommunications. It is an essentially unstructured forum for dialogue and functions under the following rules

1. It is sponsored by the Research Policy and Planning Branches of the Department of Communications.

2. Its meetings are held irregularly but, in the mean, at about quarterly intervals.

3. It is restricted to something of the order of a dozen participants per conference, that number being imposed by the practical limit to the number of individuals who can join and fully participate in a one day meeting. It is not a forum for passive observers.

4. The participants and membership is fluid from conference to conference, apart from some overlap for continuity from one to another. The participant invitation list for a given conference is strictly governed by a) the general subject matter of the conference and b) the participation qualifications of the invitees, the essential objective being to bring together highly informed and involved individuals relative to the topic at issue.

   It is recognized that the participant's condition of being involved and informed arises, in part at least, from his or her active role in institutions, corporate, public or governmental. Nevertheless, no participant is taken to speak for an institution, his own or another. To underscore this particular aspect, written exchanges of views during or between conferences may take the form of letters of transmittal which may or may not be on letterheads of institutions, but the substantive memoranda will be prepared on plain paper in the name of the author.

The object of this rule is to facilitate a responsible but free and objective dialogue on issues.

5. There are no specific guidelines or constraints on the use to which participants put the knowledge acquired in the conferences. However, no one is authorized to attribute views to any participant or to utilize a participant's written material without that participant's authorization by direct communication between the interested parties.

6. Participants in the conferences will be invited solely on the basis of their personal qualifications, involvement and knowledge. Their official positions in institutional hierarchies will have no explicit relevance to the conferences.

7. No official minutes will be kept. However, the sponsoring chairman will in general prepare an appreciation of the proceedings of each conference, of problem statements generated there, and of the spectrum of views developed, without however attributing specific views to specific individuals. These summaries will serve to engage some dialogue by correspondence between conferences. Copies of the correspondence will be distributed to the participants of the preceding conferences when and if the author advises the chairman that such distribution is allowed or wanted by the author. A good deal of pre- and post-conference dialogue will occur inter-personally between participants with no central record. The stimulation and encouragement of such interactions is one of the objects of the conference.

8. The central object of the conference is to provide a flexible and dynamic channel of communication between planners and researchers actively engaged in thinking about and shaping the development of public communications and to, thereby, contribute towards the search for coherent solutions to questions of national interest in this particular domain. It is expected that the conferences may, directly or indirectly, stimulate initiatives by the participants in channels available to them in their institutions or otherwise - and that, too, is thought to be one of the constructive consequences of the conferences.

9. In consonance with the highly democratic and participating context of the conference board, the chairman will welcome proposals from participants, past or current, about conference topics, participants, and the scheduling of meetings.

DISTRIBUTION LIST FOR PARTICIPANTS IN COMMUNICATIONS RESEARCH CONFERENCE
BOARD MEETING - NOVEMBER 2, 1976

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Special Policy Advisor to
Deputy Minister
Department of Communications
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Technological and Systems
Research and Development
Communications Research Centre
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Mr. John Drajewicz
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Me Bernard Benoit,
Radio Québec,
1000 Fullum,
Montréal.

Tel: 873-5867

- ANNEXE 3 -

L'architecture d'un réseau de distribution par câble coaxial à large bande ressemble de plus en plus au modèle illustré sur la page (49). Il possède les caractéristiques et le potention suivants:

a) Chaque ville ou territoire desservi est relié au centre d'opération régional par un super câble principal (super-trunk). Ce centre est la source d'origination de tous les contenus vers l'abonné.

Dans le cas d'un regroupement régional (40 à 50 milles de diamètre), la distribution de la tête de ligne commune sera faite par un système micro-ondes à bande large telle que: AML 40 canaux, FML 20 canaux.

b) La ville ou le territoire desservi est divisé en secteur de 1000 à 1500 foyers. Chaque secteur est alimenté par un câble principal (trunk cable) relié au centre de l'étoile (Hub).

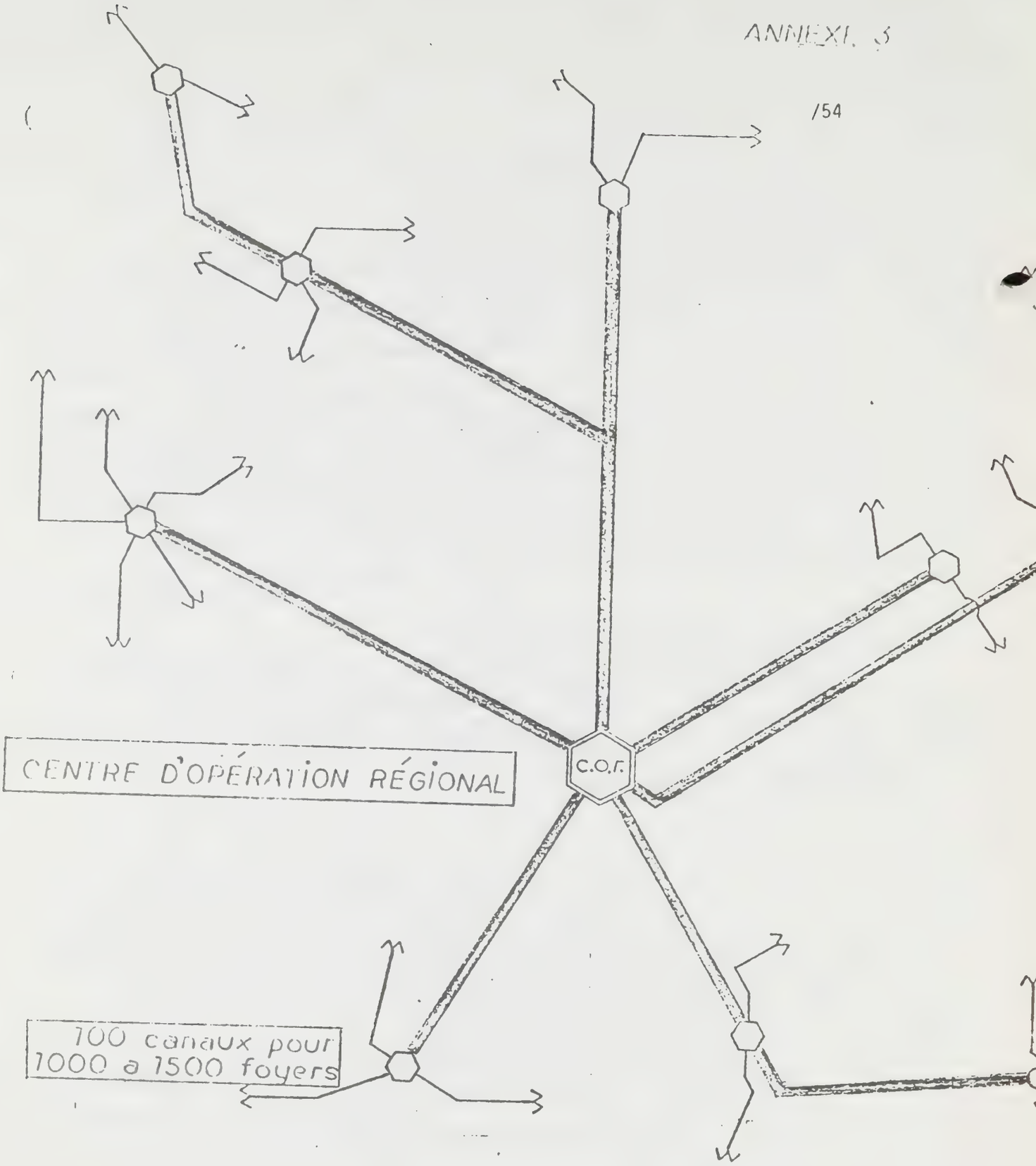
ANNEXE 3 - suite.

c) Les amplificateurs utilisés présentement ont une capacité de transmission jusqu'à MHz. Lorsque la demande dépassera cette capacité, ces amplificateurs pourront être remplacés par de nouveaux amplificateurs opérant à des fréquences jusqu'à 1000 MHz. Ces amplificateurs sont présentement utilisés en Europe pour distribution

UHF - soit plus de 100 canaux vidéo de 6 MHz chacur

Un meilleur usage de ces fréquences serait peut être d'utiliser 12 MHz (transmission FM) par canal afin d'augmenter la qualité de distribution.

Un tel système de distribution offrirait une centaine de canaux vidéo par secteur. Un système de commutation au centre du "HUB" permettrait d'acheminer par câble principal, 100 émissions vidéo simultanées vers un potentiel de 1000 à 1500 foyers par secteur soit un canal par 10-15 foyers. C'est très près de la télévision à la carte.


CENTRE D'OPÉRATION RÉGIONAL
C.O.R.
100 canaux pour
1000 à 1500 foyers

- ANNEXE 4 -

En matière de câblodistribution, nous recommandons la création, au Québec:

1. d'une corporation provinciale (voir organigramme) formée des entreprises de câblodistribution dont le mandat serait le suivant:

   a) le développement et la promotion économique de l'industrie:

      - accès aux capitaux
      - rationnalisation et planification des équipements et des entreprises

   b) le développement et la recherche technologique

      i) plus particulièrement dans la mise au point d'un terminal de l'usager ("home terminal")

      ii) utilisation de la technologie développée afin de répondre, par des formules nouvelles, à des besoins handicapés.

c) mettre en place un réseau d'inter-liaison provinciale.

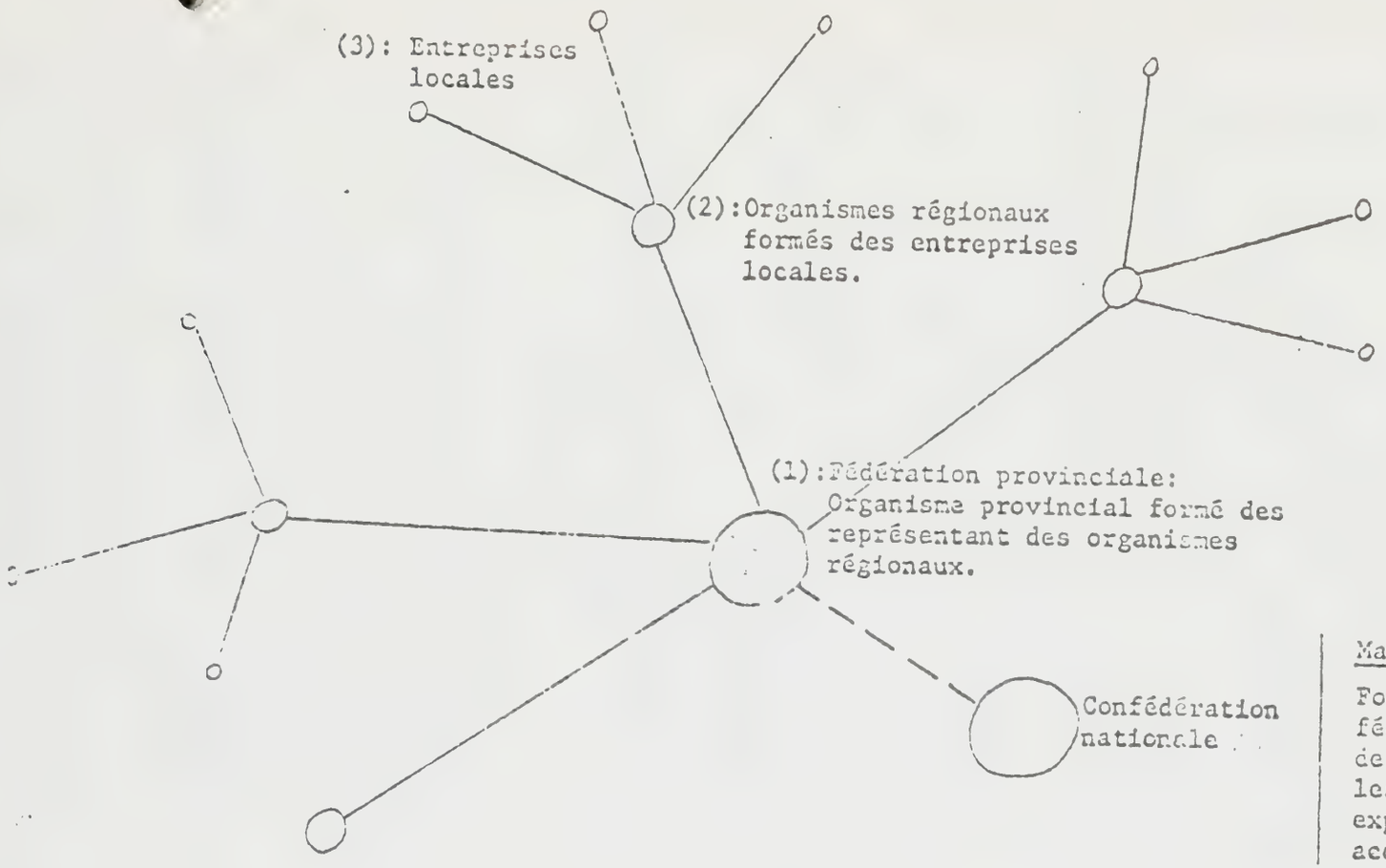
d) offrir des services facultatifs de: packaging, marketing et entreposage de contenus.

2. d'organismes régionaux dans le but de regrouper les entreprises locales de câblodistribution dont le mandat serait le suivant:

a) la planification et le développement du réseau régional et l'évaluation des besoins régionaux.

b) mettre en place une tête de ligne commune pour la région (env. 40 milles de diam.)

c) mise en commun des ressources humaines spécialisées.



Mandat

Fourni par les fédérations afin de mettre en commun les acquis, les expériences et les acquis.

A TITRE D'EXEMPLE

(1) Rôle: - Mise en place d'un réseau d'inter-liaison provinciale
- Mise en place d'un système de facturation pour les services par souscription et par contenus

(2) Mise en place de tête de ligne commune, planification et développement du réseau régional, évaluation des besoins régionaux, mise en commun des ressources humaines spécialisées.

(3) Mise en place du réseau à canaux multiples interactif [illegible]ble et les relations avec l'abonné.

- ANNEXE 5 -

TV's New Superhit: Jocktronics

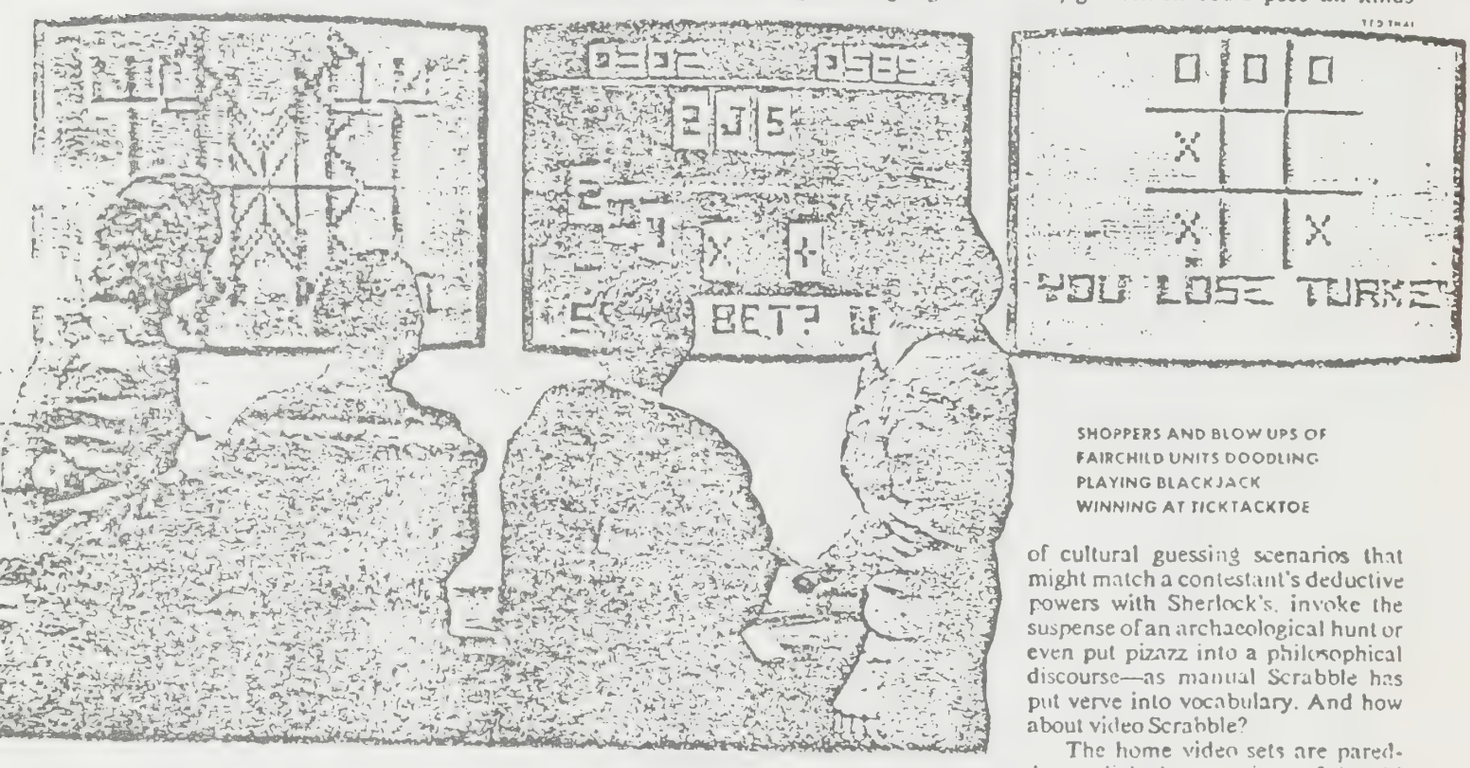
The liveliest action on the TV screen these days is not interrupted by commercials. It does not involve cops, medics, superwomen, paterfamilial *farceurs* or country-rock carolers. It is not even rated by Nielsen. Television's new superhit is Yourself, the Athlete (or Racing Driver, or Op Artist, or Blackjack High Roller). The name of the game —which is provided by a wide and wildly competitive assortment of electronic contests that can be simply hooked into any TV set—is Jocktronics.

The first home video game, Odyssey, went on the market in 1972. Now some 40 manufacturers are producing TV games at list prices of $40 and up. By the end of the Christmas season, Americans will have bought some 3 million of them this year—at least ten times as many as in 1973. Some of the leading makers, notably Atari, Fairchild and Magnavox, have plants working overtime and still cannot meet the demand. Nor, it seems, is there any limit to the TV games people will eventually play. By TIME's count, there are already more than 50 different varieties of video contests available, from tennis to tank warfare to ticktacktoe.

In tennis, the basic game, there is a dotted net, a white ball and oblong bars representing racquets on the screen. By twiddling their control knobs, players can drive, volley and angle shots without sweat or risk to tendon. Fast reflexes are demanded, however. As the game progresses, some units automatically speed up the ball; others allow the players to set the pace as well as select the length of game (from 2 to 20 minutes). The screen keeps score. Pong and other games emit an exultant plonk! or ping! when the player smites the ball (losers supply their own Nastase noises). They can also be used for squash and handball. In the ticktacktoe game, the set may sneer, flashing a sign-off YOU LOSE TURKEY. For those who want to be the neighborhood Bobby Hull, most of the sets programmed for tennis also provide a hockey game in which armchair dudes can try to blast a puck past an agile goalie. Soccer *aficionados* can pretend they are Pelé, since the same game simulates soccer. For would-be Andrettis, there is Indy 500 (list price: $130), which comes with a vrooming sound track that may make parents wish the children were watching *Captain Kangaroo*. The Fairchild Video Entertainment System ($150 for the basic unit, $20 for cartridges containing additional games) enables homefront Pattons and Rommels to blast the bejabers out of whippet tanks in the desert; or lets the player be a skeet shooter; or pits blackjack skills against an electronic dealer who tots up bucks lost or won, keeps track of the bets and will advance credit if somebody goes broke.

Some games have different aims. By inserting one cartridge into the sophisticated Fairchild unit, a player can become an Op artist, concocting complex tracieries and Cheopsian constructions across the screen for hours on end. The unit can also make its own doodles. Fact (around $400), another system that uses cartridges to extend the range, may be a valuable teaching aid when it comes on the market next year. It flashes questions about history, science or literature onto the screen, they are answered by pressing multiple-choice buttons.

The manufacturers are also considering games that would involve the intellect as well as cognitive skills. The possibilities seem limitless. Working with a memory bank and a TV screen that lends itself to the graphic presentation of ideas, gamesmen could pose all kinds of cultural guessing scenarios that might match a contestant's deductive powers with Sherlock's, invoke the suspense of an archaeological hunt or even put pizazz into a philosophical discourse—as manual Scrabble has put verve into vocabulary. And how about video Scrabble?



SHOPPERS AND BLOW UPS OF FAIRCHILD UNITS DOODLING PLAYING BLACKJACK WINNING AT TICKTACKTOE

The home video sets are pared-down, slicked-up versions of the old coin operated barroom games. The more advanced models are already minicomputers, with memory banks and calculating ability equal to the capacity of a 1950 room-size IBM model; thanks to fingernail-size silicon-chip microprocessors, they weigh only a few pounds. Within a few years, these latch-on TV widgets may be able to perform such tasks as adding up tax returns and flashing messages to neighbors' screens.

Meanwhile, the games that exist are bringing kids and kids' friends and families and neighbors back into the cathode circle in numbers unequaled since the days when they first loved Lucy and glommed onto Gleason. Perhaps Nielsen will be forced to create a new ratings category.

COMPARISON CHART — VIDEO GAMES AND KITS

MANUFACTURER OR DISTRIBUTOR	GAME NAME OR MODEL	GAME	KIT	PLANS	NUMBER OF GAMES	NUMBER OF PLAYERS	COLOR DISPLAY	PADDLES/PLAYERS: SIDE-TO-SIDE	PADDLES/PLAYERS: MOVE VERTICAL	PADDLES/PLAYERS: MOVE OFF CENTER	PADDLES/PLAYERS: RACE	PADDLES/PLAYERS: LEVER	PADDLES/PLAYERS: JOYSTICK	PADDLES/PLAYERS: NONE NECESSARY	BALL: SELECT ON AVAILABLE	BALL: SPEED VARIABLE	SCORING: ON SCREEN DIGITAL	SCORING: ON SCREEN MANUAL	SCORING: BANNER	SKILL: ADJUSTABLE	SKILL: MANUAL	SKILL: AUTOMATIC PLAY	SKILL: SOUND	SKILL: NUMBER OF PLAYERS	PUSH: BUTTON	PUSH: PADDLE	PUSH: CONTROLLER	PRICE	FREE PROMOS	PAGE NO.	NOTES & REMARKS
ADVANCED ELECTRONICS P.O. BOX 133 CORVALLIS OR 97330	TENNIS			●	1	4		●	●	●			(11)		●	●	●			●			○		●				(4)	9	(1)(2)(3) (4)(5) (6)
	AVALANCHE 1 & 2			●	2	2			●	●	(6)				●	●	●			●			○		●				(4)	8	(1)(2)(3) (4)(5) (6)
	JAMMER & SPACE RACE			●	2	2			●	●			○		●	●	●			●			○		●				(4)	8	(1) (2) (3) (4) (5) (6)
ADVANCED MICROCOMPUTER PRODUCTS P.O. BOX 17329 IRVINE CA 92713	6 TV GAMES ON ONE CHIP			●	6	2		●	●				(11)		●	●	●			(5)		(7)			(9)					1	(2)
ALLIED LEISURE INDUST., INC. 215 W. 18th PLACE HIALEAH, FL 33010	THE NAME OF THE GAME — I	●			6	4	●	●	●		●			○		●	●			●		●	●	1				(10)		98	
	THE NAME OF THE GAME — II	●			4	2	●		●		●			○		●	●			●		●	●	1				(10)		78	
AMCOR LOS ANGELES, CA (ADDRESS UNKNOWN)	TABLE MODEL	●			1	4																						(8)		435	
	BAR MODEL	●			1	4																						(8)		435	
APF ELECTRONICS, INC. 460 MADISON AVE. NEW YORK NY 10022	TV SPORT (MODEL 4011)	●			4	2		●	●		●				●	●	●			●		●	(9)		●		●	GI	●	89	
ARS SYSTEMS P.O. BOX 1927 SUNNYVALE, CA 94048	BASIC TV PING PONG			●	1	2			●	●			(1)						●	●								(5)	(8)	(12)	(1) (10)
ATARI, INC. CONSUMER DIV. 1265 BORREGAS DR. SUNNYVALE, CA 94086	C-100 PONG™	●			1	2	●		●		●					●	●			●		○	○		●		●	AM		80	
	C-150 SUPER PONG™	●			4	2	●		●		●					●	●			●		●	●		●		●			90	
	C-150 PONG DOUBLES	●			1	2	●		●		●					●	●			●		●	●		○		●	EI		80	
BALLY/MIDWAY (OLYMPIC TOY CO.) 26 CENTRAL PLACE JERICHO NY 11753	FOUR PLAY	●			2	4											●							○				(8)		139	
CAL-PIT INC. P.O. BOX 577 SEBASTOPOL, CA 95472	PING PONGTRONICS			●	4	2				●	●				●	●		(12)		(12)	●	●	(12)		●			(5)	(8)	55	(7) (7)
MARVEL MASTER GLENVILLE NY 12302	CHALLENGER	●			4	2			●								●						●					GI		80	DID NOT REPLY TO INQUIRY
COLECO INDUSTRIES INC 945 Asylum Ave Hartford CT 06105	SCAD TELSTAR™	●			3	2		●	●		●					●	●			●		●			●		●	GI	●	60	(9)
	TELSTAR™ CLASSIC	●			3	2		●	●		○					●	●			●		○			●		●	GI	●	70	(9)
[illegible]	VAL-PONG	●			4	2		●	●			○			●	●	●			●	●	●	●			●		GI		70	(9)
	VAC-BANG	●			4	2	●	●	●			●			●	●	●			●	●	●	●			●		GI		90	(9)
	LASER BANG	●			4	4	●	●	●			●			●	●	●			●	●	●	●			●		MUS		110	(9)
BYN 3015 NW 77th AVE MIAMI, FL 33122	PADDLE FOUR	●			4	2							○				●											GI	●	79	
	PADDLE SIX	●			6	2							○				●													124	
CHIC (PRO-TECH INTERNATIONAL CORP) 12711 W. CYRUS BLVD. LOS ANGELES, CA 90012	APOLLO 2™	●			4	2			●	●			●			●	●	●			●	(5)	●		●		●	GI	●	90	(9)
CHIC [illegible]	TELE PONG	●			3	2				●	●	●					●			●	●		●		●				●	85	
PRESIDENT GAMES INC [illegible]	TV TENNIS	●			3	2								●											●	●			●	63	DID NOT REPLY TO INQUIRY
	RACE OFF	●			2	2		●	●	●			●																	90	
RAINBOW GAMES SYSTEMS CORP [illegible]	VIDEO ENTERTAINMENT SYSTEM	●			26	2	●							●			●						●					FB		under 150	(13) (14)
FANTASMA [illegible]	FANTASMA 101	●			4	2										●	●											GI		58	DID NOT REPLY TO INQUIRY
FIRST DIMENSION CORP 750 SEABOARD RD NASHVILLE TN 37204	VIDEO SPORTS™ II	●			4	2		●	●		●				●	●	●											GI		63	(9)
	VIDEO SPORTS™ 101	●			4	2	●	●	●		●				●	●	●													79	(9)
	VIDEO SPORTS™ [illegible]	●			1	2	●	●	●			●				●	●						●		●	●	●		NS		73	
	[illegible]	●			1	4										●		●					●		●	●	●				123	
FRIED TRADING CO 1 OLYMPIA ST JOHNSTON RI 02919	GRANADA	●			4	2																						GI		73	DID NOT REPLY TO INQUIRY
GLOBAL VIDEO INDUST., LTD 1310 WESTLAKE AV. NORTH SEATTLE, WA 98179	CHALLENGE	●			1	4																						(8)			50" DIAGONAL SCREEN
HEATH COMPANY BENTON HARBOR, MI 49022	GD 1329 SPORTSCREEN™		●		6	2		●	●			●		○	●	●	●			●	●	●	●		(14)			GI	(8)	55	(16) (17) (9)
I.E.A. DOWNSVIEW ONTARIO, CANADA	TELETAINMENT II	●			7	2			●		●					●					●			●		●					
INTERPAK 31963 CABOT RD LAGUNA NIGUEL, CA 92677	TV TENNIS		●		4	2		●	●	●	●		(12)	○		●	●			●		●	●			●		(5)	(8)	(12)	
INTERPAK LOS ANGELES (ADDRESS UNKNOWN)	CONCEPT MALL IV	●			4	2																								79	TELE MATCH UNDER PRIVATE LABEL
INTERSTATE INDUST., INC. 111 SOUTH WASHINGTON BLVD MONDELEIN, IL 60060	TELE MATCH 4000	●			4	2		●	●		●			○	●	●	●			●	●		●		●	○		GI	●	77	(9)
	TELE MATCH 7300	●			4	2		●	●		●			○	●	●	●			●	●		●		●	○		GI		99	DIFFERENT CASE (3)
JADE CO [illegible] TORRANCE, CA 90501	VIDEO GAME KIT		●		5	2			●		●			○	●	●	●			●		●	●			●		(5)	(8)	(15)	4 SOUNDS 3 PROVS

COMPARISON CHART — VIDEO GAMES AND KITS (Continued)

MANUFACTURER OR DISTRIBUTOR	GAME NAME OR MODEL	SOLD ASSEMBLED	KIT	PLASTIC CASE	NUMBER OF GAMES	NUMBER OF PLAYERS	COLOR DISPLAY	PADDLES/PLAYERS: SIZE VARIABLE	PADDLE VERTICAL	PADDLE HORIZONTAL	ENGLISH	LEFT*	CENTER	REVERSE CONTROLS	BALL: DEFLECTION VARIABLE	SPEED VARIABLE	SCORING: SCORE DISPLAYED	SCORE VARIABLE	SERVE: AUTOMATIC	MANUAL	AUTOMATIC PLAY	SOUND	CONTROLLABLE ANGLES	POWER: BATTERIES	AC	CHIPS	PROCESSORS	PRICE	NOTES & REMARKS
JAMES ELECTRONICS P.O. BOX 377 BELMONT, CA 94002	PROFESSIONAL VIDEO GAME		●		4	4			●	●			●	●		●		●		●	●			●		(2)	(11)	(14)	(1)	(1) SEE ASSEMBLER LISTING AND PROGRAMS
RENDALE TECHNOLOGY 814 POINCIANA BLVD CORAL GABLES, FL 33134	KEN TECH 3000	●			3	2																						199	DO NOT REPLY TO INQUIRY
LLOYDS 930 RARITAN CENTER PKWY EDISON, NJ 08817	MONTE VERDE	●			6	2								●		●												150	DO NOT REPLY TO INQUIRY
	LLOYDS	●			6	2																						170	
LTA 9515 COZYCROFT CHATSWORTH, CA 91311	HOMEMACHINE	●			4	4										●						●				(2)		1195	DO NOT REPLY TO INQUIRY
	ATTACHE CASE MODEL	●			W	1																●				(8)		3000	FREE STANDING SELF CONTAINED UNIT, AND ON/OFF SWITCH IN HANDLE OF CASE
MAGNAVOX 1700 MAGNAVOX WAY FORT WAYNE, IN 46804	ODYSSEY® 100	●			2	2			●		●					●			●	●		●		●	TI	(9)		60	
	ODYSSEY® 200	●			3	2			●		●					●			●	●		●		●	TI	(9)		80	
	ODYSSEY® 300	●			3	2			●		●					●			●	●		●		●	GI			70	(4)
	ODYSSEY® 400	●			4	2			●		●					●			●	●		●		●	TI			130	(7) (2) (9)
	ODYSSEY® 500	●			3	2	●		●		●					●			●	●		●		●	TI			130	(7) (9)
	MODEL 4204	(20)			3	2	●		●		●			●		●			●	●		●		(20)		(4)		500	(7) IN COLOR TV WITH GAME BUILT IN
MEGO (TOY CO.) (ADDRESS UNKNOWN)	PHASER BATTLE	●			1	1																						40	
MICROELECTRONIC SYSTEMS CORP. LINE ELECTRONICS COURT MADISON HEIGHTS, MI 48071	PICOMETTM	●			4	2	●	●	●		●			●	●	●	●			●	●	●	●		●	GI	●		100	(3) DID NOT REPLY TO INQUIRY
MOSES 120 BROADWAY BABYLON, NY 11735	ELECTRONIC SIMON	●			6	4								●										●	●	GI			95	DID NOT REPLY TO INQUIRY
NATIONAL SEMICONDUCTOR CONSUMER PRODUCTS DIV. 2900 SEMICONDUCTOR DR. SANTA CLARA, CA 95051	ADVERSARY	●			3	2	●	●	●			●			●	●			●	●	●			●		AS		99	(21)
PHOTO MARKET INC. [illegible] ERIE, PA 16503	ZORK	●			4	2																				GI		95	DID NOT REPLY TO INQUIRY
	ZORK	●			6	2																						115	
[illegible] ELECTRONICS [illegible] (ADDRESS UNKNOWN)	MODEL 6100	●			4	2	●																			GI	●	60	
RADIO SHACK 1717 WEST SEVENTH ST. FORT WORTH, TX 76107	TV SCOREBOARD™	●			4	2	●	●	●		●			●	●	●	●			●	●	●	●		●	GI	●		100	(6) SAME AS RADIO SHACK EXCEPT GAME VARIES
RADIO-TELEVISION ELECTRONICS 1001 ENGLEHARDT DR. ARLINGTON, VA 22203		●			4	2								●			●									GI		50	DID NOT REPLY TO INQUIRY
SHANDLING ELECTRONICS LTD. 1270 6TH ST. NEW YORK, NY 10014	VEGA	●			4	2																				GI		80	DID NOT REPLY TO INQUIRY
SOUTHWEST TECHNICAL PRODUCTS 219 WEST RHAPSODY SAN ANTONIO, TEXAS 78216	SPACE WAR GAME		●		1	2			●		●			●			●			●			●		(5)	(6)		74.50	VIDEO OUTPUT ONLY
SONIC PRODUCTS, INC. 1 [illegible] AVE. EDGEWOOD CLIFFS, NJ 07632	MULTI HOME VIDEO GAMES	●			4	2		●	●		●				●	●	●		●	●	●		●	●	●	GI	●	80	(23)
SONYONIC PRODUCTS CORP. 1115 BROADWAY NEW YORK, NY 10010	TOURNAMENT 4100	●																										91	
	TOURNAMENT 4000	●			6	2								●			●									GI	●	119	DID NOT REPLY TO INQUIRY
	TOURNAMENT 4100	●			6	4																						139	
UNIVERSAL RESEARCH LABS, INC. 2501 UNITED LANE ELK GROVE VILLAGE, IL 60007	VIDEO ACTION™	●			3	4			●		●					●			●	●				●			●	219	
	VIDEO ACTION™	●			3	4	●		●		●					●			●	●				●			●	179	(25)
	VIDEO ACTION™	●			4	4	●		●		●					●			●	●				●			●	139	(25) (22)
	VIDEO ACTION™ GAME TABLE	●			4	4			●		●					●			●	●				●		(8)		475	(25) (22)
	VIDEO ACTION™ JR.	(22)			2	2																						79.0	(4)
VIDEOMASTER AMERICAN CONSUMER ELECTRONICS 21 BEWSTER RD. CORNWALL, NY 12518	VIDEOMASTER™ RALLY	●			4	2			●		●					●			●	●				●				80	
	VIDEOMASTER™ OLYMPIC	●			2	2			●		●					●			●	●				●				100	
	VIDEOMASTER™ 6000	●			6	2			●		●					●			●	●				●		GI		150	
VIDOLEX P.O. BOX 4204 MOUNTAIN VIEW, CA 94040	SUPER SMASH		●		7	2			●		●		(1)			●			●	●				●		(5)	(9)	(24)	(7) COMPLETE KITS AVAILABLE JUNE, JULY AND AUGUST 1976 (23) ISSUE OF RADIO ELECTRONICS

LEGEND

(1) BUILDER DETERMINES PLAYER CONTROLS
(2) IC'S & PC BOARDS OFFERED SEE TEXT
(3) SCORES UP TO 99 POINTS EACH
(4) 7 MORE PONG OPTION PLANS $1 EXTRA
(5) DISCRETE IC'S USED SEE TEXT
(6) SWITCHES ARE USED FOR PLAYER CONTROLS
(7) FOR ADVANCED BUILDERS ONLY.
(8) FCC APPROVAL NOT REQUIRED SEE TEXT
(9) THREE DIFFERENT SOUNDS SEE TEXT
(10) POWER SOURCE IS BUILDER'S OPTION
(11) GI OR MPS CHIP USED
(12) OPTIONS AVAILABLE SEE TEXT
(13) REPLACEABLE CARTRIDGES PROGRAM MICROPROCESSOR
(14) ELAPSED TIME DISPLAYED
(15) BOUNDARIES ADJUSTABLE
(16) RIFLE AVAILABLE EARLY 1977
(17) WIRES DIRECTLY TO HEATHKIT TV'S
(18) DRAWS POWER FROM TV SET
(19) SEE TEXT
(20) GAME BUILT IN TO COLOR TV SET
(21) WALL CENTER CONTROL
(22) TENNIS/DOUBLES SWITCH
(23) SOUND THRU TV
(24) RIFLE INCLUDED
(25) VARIABLE BOMBS/SPEED
(26) PONG TYPE GAME INCLUDED
(27) EDUCATIONAL GAME
(28) INCLUDES 2 CARTRIDGES

ROGERS

CABLE TV

COMMENT
COMMENTAIRE
N-17

April 13, 1977.

Received by - Reçu par
SECRETARIAT
APR 13 1977
C.R.T.C.

Ms. Lise Ouimet,
Secretary General,
Canadian Radio-television and
Telecommunications Commission,
100 Metcalfe Street,
Ottawa, Ontario,
K1A 0N2.

Subject: Pay Television

Dear Sirs:

Rogers Cable TV Limited, a shareholder and supporter of PTN Limited, welcomes the opportunity to comment briefly on pay television. As a long time proponent, we have felt a certain amount of frustration in the delay in bringing the subject to even the discussion stages. Hopefully, the May 30th hearing will bring together all the ingredients and people necessary to supply the answers to pay television. It is our hope that a timetable for the introduction of the first pay television service would look like this:

May 30, 1977	- Hearings into Pay Television
November 8, 1977	- Hearings into Licensing of Pay Television
September 1, 1978	- Licensed Pay Television begins

It is our intention to register some comments on the subject of "mass audience" feature film pay television (such as is currently being discussed) and then to indicate our company's concerns that other forms of pay television should be considered as soon as possible.

1. Pay television on an unlicensed basis is here already. It is operative on an unlicensed basis in hotel and apartments in several cities in Canada. Over-the-air pay TV (STV), on an unlicensed basis, is a distinct possibility; the signals can be delivered from a U.S. border station on a UHF frequency.

.../2

Rogers Cable TV Limited • 25 Adelaide Street East, Toronto, Ontario M5C 1Y2
Cable Address: Rogcable Toronto

2. The introduction of pay television should not be delayed due to Federal-Provincial squabbles over jurisdiction. It is clear that the Federal initiatives are being taken to preserve jurisdiction for this kind of pay television. Any further delay will just serve to compound the disputes and may serve to encourage many entrepreneurs to jump into pay TV because of a "jurisdictional void".

3. Pay television as the PTN brief conclusively shows can bring tremendous benefits to the Canadian film and program production industry. It can also be a boon to the cultural industries and performing artists in Canada. Product created by pay television can be a success in this country and internationally.

4. Pay television has very few negatives. Its critics argue that it will mean exposure to more international motion pictures. Yet other critics oppose the service on the basis that these same pictures will be on "free" TV within a matter of years. It is clear that the conflicting evidence tends to cancel itself.

Another concern is that the monies proposed to be placed into Canadian production are not adequate. It is submitted that the PTN brief proposes sums that are huge by comparison to what is happening currently, particularly in the Canadian film making community.

5. Pay television delivered via cable is a natural way to go. Cable remains today an unrealized transportation system. Cable systems are seeking more software involvement so as to broaden their base, and to use the additional delivery means. Part of the reason for a number of cable systems favouring "commercials" on local origination channels is that there does not appear to be any additional revenue-making opportunities in the current time frame. Though this is not a good enough reason, per se, to license a pay TV service, it should be recognized that cable systems do want to play a larger role in programming for Canada and they want to use the additional channels.

6. Rogers Cable submits that the PTN Model provides compelling answers to the questions posed by the Commission in its February 3, 1976 announcement. PTN offers the opportunity to begin pay television in a comprehensive fashion by means of a nation-wide delivery service owned by participants of the network so as to allow feedback from competent marketing personnel from across Canada.

The Pay 30, 1976 Public Hearings on pay television will focus necessity on the "mass-audience" feature-film based pay television system. This is the thrust of the questions issued by the Commission in its announcement dated February 3, 1977.

.../3

There are, however, other forms of pay television. It is possible that the proposed Bill C-43 may alter the jurisdiction over certain forms of pay television and this may in fact be a reason why there has been a reluctance to bring these matters to a public hearing.

Rogers Cable TV Limited has applied on several occasions for permission to undertake programming which might well be classified as pay television yet differs significantly from the type as outlined in the current announcement.

The company has proposed a digital programming service which would be delivered to subscribers on a discrete, pay-per-channel basis. One of these digital services is so specialized that it can be delivered to subscribers on the basis of the customer subscribing to one or more information bases out of a total of several hundred alternatives appearing on just one channel. There are several cases where a digital pay TV offering would be a popular programming service for pay television.

Rogers Cable TV Limited has suggested to the Commission that a childrens/ babysitting channel delivered on a subscription pay-per-month basis would attract a significant following and perform a welcome service for subscribing households.

Rogers Cable TV Limited has proposed (and this will be the subject of further comments relating to multi-cultural television applications) that multi-cultural programming could form the basis of a pay television service. For example, in Toronto, an Italian language pay television channel could be programmed using both domestic material and programming material imported "live" by means of a satellite. Studies in the Rogers area have shown that sales of 70,000 could be expected if the service consisted of Italian, Greek, Portuguese and East Indian language programming. Other cable communities located in urban environments in Canada could experience a similar degree of subscriber interest.

Pay television channels might well include provision for dedicated programming service channels "leased" at a nominal charge to an agency or association and having the payment derived from the pockets of participating subscribers.

Pay television channels might even include the possibility of distant television signals imported via microwave on the satellite.

The purpose of thise brief is not to propose in any detail the kinds of services that could be delivered on pay-per-channel basis. It is merely to draw the Commission's attention to the whole realm of programming possibilities that exist utilizing the cable TV pay television delivery model.

.../4

To conclude, Rogers Cable TV Limited endorses as a first priority the mass-audience feature-film based pay television model as proposed by PTN Limited. PTN offers the most practical, realistic and most beneficial (in terms of the Canadian independent programming and performing artists community) means of getting into pay television. Rogers Cable TV Limited also feels that pay television should ultimately include a whole variety of minority-audience-based programming services.

Yours very truly,

ROGERS CABLE TV LIMITED,

Philip B. Lind,
Secretary.

PBL/sc

c.c. Canadian Cable Television Association
PTN Pay Television Network Limited

Bell Canada

F. J. Nishimoto
Assistant Vice-President

620 Belmont St., Room 905
Montréal, Québec H3C 3G4
(514) 870-7979

COMMENT
COMMENTAIRE
N-18

BY HAND

April 15, 1977

Received by - Reçu de
SECRETARIAT
APR 15 1977
C.R.T.C.

Canadian Radio-television and
Telecommunications Commission
100 Metcalfe Street
Room 1601
Ottawa, Ontario
K1A 0N2

Attention: Lise Ouimet
Secretary General

Re: Pay Television, Public Hearing to be Held in Ottawa Commencing May 30, 1977

Dear Sirs:

Bell Canada sees its role as a supplier to the broadcasting industry, including cable television and Pay TV operators, by providing the facilities (the medium) over which the broadcasters and cable operators distribute their programs and information (the message). As the May 30th, 1977 hearing according to the Notice of Public Hearing of February 3rd, 1977 will mainly focus on the form and function of the proposed Pay Television Agency (i.e., the message function), Bell Canada does not want to comment on the programming aspects of Pay TV and will not appear at the hearing. However, the Company would like to offer its suggestions and comments on one particular question listed on page 5 of the February 3rd, 1977 Notice of Hearing, namely:

" - How will the agency collect its share of revenue?"

To succeed in its intended role as an agency for providing Canadians with Pay TV programs of interest to potential viewers and to ensure that a substantial portion of the revenue from Pay TV will indeed be made available to promote Canadian programming for broadcasting, it is essential that:

a) the Agency be in a position to continually monitor which Pay TV programs are selected by viewers and the revenues accruing as a result;

b) feedback of information on program selection by viewers be available to the Agency with minimal time delay;

c) the Pay-TV service be provided at the lowest cost commensurate with the assurance of adequate quality in order to maximize the contribution which the revenues from Pay TV can make to promote Canadian broadcast programming;

d) the Agency maintain close control of its business, possibly by itself collecting all revenues and in turn reimbursing Pay TV operators and others for their services to the Agency.

In the "Position Paper on Pay Television - Comments by Bell Canada", June 1975, Bell Canada described a system for ordering Pay TV programs and for providing usage data which Bell-Northern Research has conceptually developed in cooperation with Bell Canada. The most visible part of the system is a "Pay TV Control Unit" located at the TV subscriber's premises. This unit incorporates a descrambler and storage capability. By means of the unit the subscriber wishing to see a particular program can activate the descrambler, giving access to any one of several channels carrying premium programming. The control unit will keep track of the amount of premium time used by that subscriber for that particular program. At periodic intervals, in late night hours when the telephone network is virtually idle, a centrally located collection device will interrogate the control unit over the regular telephone line and collect the usage data for all premium viewing since the last collection. The Pay TV Control Unit will work equally well with Pay TV signals broadcast over-the-air or received through cable television circuits.

The advantages of the proposed system are:

- Flexibility. Pay TV Control Unit suitable for use with both cable and over-the-air distribution of Pay TV signals.

- If desired by the Agency, charges for use of premium viewing time can be billed and collected by the local telephone company at minimal cost.

- Usage data from the various centrally located collection devices can be automatically forwarded to the Pay TV Agency, or if desired the data can be combined or processed in any form found most useful to the Agency.

- By using the existing telephone plant for interrogation of the control units on subscribers' premises during hours when telephone traffic is very light, the utility of that network is further increased with no detrimental effects to telephone users.

- All of the equipment required would be of Canadian design and manufacture. Bell-Northern Research is the major R&D laboratory in its field in Canada and Northern Telecom Ltd. is one of the world's leading manufacturers of telecommunications equipment. If the CRTC should decide to support this solution, Bell Canada is prepared to have Bell-Northern Research further develop the proposed system as a commercial product.

- Telephone company maintenance of control units will guarantee adequate maintenance of this equipment regardless of where it may be located.

Bell Canada stands ready to work with the Commission or an agency to further develop the proposed Pay TV control system. Bell Canada is convinced that the proposed solution, presented in its original brief and highlighted herein, will be of real benefit to the proposed Pay TV Agency as an essential tool in enabling it to fulfill its mandate.

Since Bell Canada's filed brief and subsequent appearance before the Commission on this subject are a matter of record, the Company does not believe it is necessary to reappear before the Commission at the May 30th, 1977 hearing.

Yours very truly,

E. Kishimoto.

Assistant Vice-President
(Regulatory Matters)

THE UNITED CHURCH OF CANADA

Division of Communication
Department of Media Services
85 St. Clair Ave. East, Toronto, M4T 1M8
Telephone (416) 925-5931

14 April 77

Miss Lise Ouimet
Secretary General
CRTC
100 Metcalfe St.
Ottawa, Ont.
K1A 0N2

COMMENT
COMMENTAIRE
N-19

Dear Miss Ouimet,

Inter-Church Communication welcomed your letter of March lst, advising us of the CRTC hearing on Pay-TV, and alerting us to the possibility of making a further submission to the Commission.

I enclose a Submission on Pay-TV from Inter-Church Communication. We have incorporated much of our original material but have added to it in the light of the ongoing discussion of this subject.

A representative of Inter-Church Communication will be attending the CRTC Public Hearing beginning May 30th, but at this point, we are not requesting the opportunity to add a verbal statement.

Sincerely yours,

Keith Woollard

Keith Woollard
per ms
on behalf of
Inter-Church Communication

kw:ms
enc.

The address and telephone numbers of the signatories

Rev. W.E. Lowe — 416-924-9192
Anglican Church House
600 Jarvis St., Toronto, Ont. M4Y 2J6

Rev. Harry A. Crawford — 416-429-0110
Presbyterian Church in Canada
50 Wynford Dr.
Don Mills, Ont. M3C 1J7

Mr. Walter A. Schultz — 204-942=0096
Luteheran Council in Canada
500-365 Hargrave St.
Winnipeg, Man. R3B 2K3

Miss Bonnie Brennan — 613-236-9461
Canadian Catholic Conference of Bishops
90 Parent Ave., Ottawa, Ont. K1N 7B1

Rev. Roger C. Cann — 416-922-5163
Baptist Church House
217 St. George St., Toronto M5R 2M2

Dr. Frank G. Birsbin — 416-925-5931
United Church House
85 St. Clair Ave. E., Toronto M4T 1M8

SUBMISSION

TO THE

CANADIAN RADIO-TELEVISION AND TELECOMMUNICATIONS COMMISSION

ON THE INTRODUCTION OF

A PAY-TV SYSTEM IN CANADA

FROM INTER-CHURCH COMMUNICATION

15 April 77

PURPOSE

The churches have historically been concerned with the welfare of communities and with the rights and aspirations of persons-within-community. This submission is a testimony to our concern that the powerful technology of communication be regulated in the light of these rights and aspirations. It supersedes (and includes the essential content of) our brief of October 1, 1976 on the same subject which reaffirmed our belief that the broadcasting system, as per the Broadcasting Act, should "safeguard, enrich and strengthen the cultural, political, social and economic fabric of Canada".

APPROACH

Within the context of that policy, we recognize

(a) the importance of governmental and regulatory encouragement of the development of broadcast programming and feature films by and for Canadians,

(b) the sense of urgency on the part of the Commission and the Federal Government regarding the initiation of Pay-TV,

(c) the strains which could be placed on both the letter and the spirit of the Act, and upon the Canadian broadcasting system, in the attempt to reconcile the practices and proposals of the vested interests within the broadcasting and distribution systems,

(d) the willingness of the Federal government to share with the Provinces certain authority for the development of communications systems and services.

... 2

DISCUSSION

A. OBJECTIVES

The Federal government has stated three objectives of any proposed Pay-TV system.

1. It must provide a range of programming which does not duplicate that now offered by broadcasters and must do so without siphoning programs from the broadcasting system.

The question arises as to why the present system does not provide that "range of programming".

It does not because the U.S. commercial system, which overwhelmingly dominates North American broadcasting, is programmed for maximum audience (with few exceptions). Pay-TV, run as a commercial undertaking, and more specifically on a monthly subscription (pay-per-channel) basis, would presumably be subject to the same pressures for mass-oriented entertainment programming.

In addition, it appears to us that the CBC has been forced into, or has acquiesced to, a situation which has rendered it incapable of providing the range of programming (including products of the independent film industry) which we have reason to expect.

2. It must ensure the production of high-quality Canadian programs which Canadians will watch.

We would have expected this to be the mandate of the CBC. The President of the Corporation has indicated that he sees such production as a high priority. Obviously no one can, or would wish to, force Canadians to watch anything. However, the intent of the Broadcasting Act would suggest that the CBC should be given the resources to "ensure...high-quality" programming. Then people throughout the country would benefit equally, not just those who have access to, or the money to pay for, a Pay-TV system.

However "high-quality" is defined, the proportion of Canadian programming and its placement in terms of "prime", "off-prime", or "daytime" are of great concern to us as we contemplate any potential re-ordering of the system.

... 3

3. It must ensure that programs are produced in Canada for international sale.

Certainly some programs and films would be suitable for use in international markets. Some are now sold abroad. Given the intent of the Act, however, one would question whether this should be a top priority. Producers who attempt to speak specifically and meaningfully to the Canadian situation must not be made to suffer in any way for the benefit of those who set out to produce for the international market.

B. A PAY-TV SYSTEM

Madame Jeanne Sauvé, the Minister of Communications, is quoted (BROADCASTER, August/76) as saying: "We must ensure that (the introduction of Pay-TV) does not disrupt the existing system and that it brings the highest possible benefits to private and public broadcasters, cable operators, program producers, actors, writers, and, above all, the Canadian public."

We see no way in which Pay-TV can be introduced without disrupting the existing system. That, however, is not our primary concern. Our concern is that any resulting system should maximize the opportunities for high-quality Canadian programming in the public interest as interpreted by the Act.

We are familiar with the many proposals and opinions which have been presented to the Commission relative to the introduction of Pay-TV. It has been clearly recognized that, in the words of Madame Sauvé, "Pay-TV is a watershed in the development of broadcasting, with major structural implications for the entire system." It is precisely because we agree with this statement that we fail to understand the potentially tragic haste with which the Minister is attempting to launch some form of Pay-TV. We do not consider that technological determinism and/or entrepreneurial pressures are sufficient cause for the Canadian public to buy "a pig in a poke". Nor do we sense that they are willing or eager to do so.

... 4

The PTN proposal clearly states that its programming would consist overwhelmingly of U.S.-produced, early-run films. With feature films routinely budgeted at many millions of dollars, the $10-$20 million which PTN envisages being thrown off by the system for Canadian programming will not go far. A comparison with the annual CBC programming budget is sobering. As good as the Canadian productions might be, a "one-for-us", "five-for-you" system could hardly be justified under the Act.

We also note that the CCTA calls for the immediate introduction of Pay-TV, saying that the first Canadian TV service was "delayed" four years after its availability in the U.S. and that the introduction of colour TV was "delayed" more than 10 years. We would question whether either of these "delays" have been detrimental to the people of this country. Similarly, we do not consider that a "delay" in the introduction of a Pay-TV system would leave Canada in the "dark ages". On the contrary, such a delay might provide for the introduction of a system best suited to our needs--if, in fact, we decide that such a system is necessary at all. We feel that there should be much greater access for Canadian independent producers to the present system or some variation of it. We note, for instance, the plan prepared for the Royal Commission on Violence in the Media (Ontario) by Stuart Griffiths. We feel that this and other proposals encouraging independent producers should be thoroughly investigated before any decision is taken regarding a "pay" system.

C. PRIORITIES

As the Commission knows, the churches have pioneered in the encouragement of the use of cable technology for the creation and maintenance of "community". In many ways communications technology, which was supposed to bring us together, has had the opposite effect. The crisis of national unity is but an extension of our crisis in community--alienation. National unity is, and ought to be, a by-product of the person-in community-- in the neighborhood, the

town, the city, the province. An government wins its election poll by poll. For this reason we reiterate the importance of access by the public to the communications system at all levels (including any future Pay-TV service) and look with favour on the sharing of some regulatory functions with local governments, be they provincial or municipal. We look upon present trends in Saskatchewan as one means of implementing "community-building". We applaud the example of the government there in its attempt, through its public telecommunications utility, to extend cable services to smaller communities, a development which would not be financially feasible for private companies.

The closer the people can be to those who are accountable, the better. We recognize variations in cultural, social and political patterns of regions and provinces. Technology must be at the service of local identities and cultures without minimizing or denying national input.

We do not question the need for the Commission to rule on matters which obviously pertain to the "national interest". However, we urge the Commission to remain sensitive to the enabling of the "microcosm".

... 6

POLICY PROPOSALS

In our previous submission, we urged that the Commission initiate a process regarding Pay-TV which takes into account not only "order" and "control" but also public information. We further urged "the calling of public hearings...to ensure the fullest possible discussion of the public interest factors involved". We are therefore gratified that a public hearing on the issue will be held in May. We hope that it will be followed by a continuing program of public education and input.

We further urge that the Commission:

1. Provide for the broadest possible access, for both producers and consumers, to any new system(s), whatever the regulatory structures may be.

2. Consider the effect on the home situation, if violence and explicit sex are to be considered proper program elements on a Pay-TV system.

3. Exhaust all other options for the encouragement of the Canadian production industry before considering the advisability of a Pay-TV system.

4. Have the wisdom and courage to say "no!" if the proposals it receives do nothing to further the intent of the Act.
   We would concur with Kirwan Cox who says (in the CCFM's PAY-TV): "At this point we have no Pay-TV errors to overcome (as with other media). We can design a system from the ground up that is suited to us. We must apply vision...We must not be afraid to be daring."

NOTE:

In the light of our concerns we found many of the questions posed by the Commission in the notice or Public Hearing to be overly specific and presumptuous at this stage of the consideration of Pay-TV.

We would be pleased to comment in greater detail on ownership structures, finance and appropriate regulatory measures if and when definitive proposals for Pay-TV in Canada are set forth by the Commission.

... 7

Respectfully submitted:

W.E. Lowe,
Chairman of Inter-Church Communication;
Director of Planning, Anglican Church of Canada

Harry A. Crawford,
Secretary of Inter-Church Communication;
Communication Consultant,
Presbyterian Church in Canada

Walter A. Schultz,
Treasurer of Inter-Church Communication;
Executive Director,
Lutheran Council in Canada - Communications

Bonnie Brennan,
Board Member, Inter-Church Communication;
Director, Public Information,
Canadian Catholic Conference of Bishops

Roger C. Cann
Board Member, Inter-Church Communication;
Executive Secretary, Department of Communications
Baptist Convention of Ontario and Quebec

Frank G. Brisbin,
Board Member, Inter-Church Communication;
Secretary, Division of Communication,
The United Church of Canada

ASTRAL BELLEVUE Pathé LTD/LTÉE
EXECUTIVE OFFICES MTL — BUREAU DES DIRECTEURS, MTL

Le 13 avril 1977.

COMMENT COMMENTAIRE
N-20
Received by = Reçu
SECRETARIAT
APR 18 1977
C.R.T.C.

Conseil de la radiodiffusion et
des télécommunications canadiennes
100, rue Metcalfe,
Ottawa, Ontario.
K1A 0N2

Sujet: Avis d'Audience Publique

Messieurs,

Après lecture de votre avis du 3 février 1977, nous sommes très troublés de constater que peu de soumissions reflètent une attitude positive envers une agence de Télévision à Péage. Nous sommes aussi troublés de l'ignorance et de la réaction voulant que le Canada ne jouisse que de peu de bienfaits de l'industrie de production d'émissions. En tant que compagnie entièrement canadienne de production de films et programmes de télévision, nous considérons ces renseignements comme entièrement faux et non fondés. De plus, nous considérons que la Télévision à Péage sera le plus important stimulus dont la télévision a jouit à date.

Nous sommes prêts à présenter une analyse et un bilan complet des revenus majeurs ayant été et pouvant être générés pour aider les programmeurs canadiens. Nous sommes certains que lorsque la Télévision à Péage sera instaurée au Canada nous saurons satisfaire la demande du public tout en garantissant des bienfaits au système canadien de télédiffusion et à l'industrie de production canadienne.

A titre de compagnie impliquée dans la production, tant française qu'anglaise, nous apprécierions beaucoup l'occasion de paraitre devant l'Audience Publique afin de présenter un aperçu du rôle et des objectifs d'une agence de Télévision à Péage. Ceci incluerait du matériel exposant les ressources créatrices et productives canadiennes, les demandes nationales et régionales, la structure de l'organisation ainsi que les systèmes de livraison et les responsabilités financières.

Nous attendons l'occasion de discuter plus à fond de la Télévision à Péage et de son introduction au Canada.

Votre tout dévoué,

H Greenberg

Harold Greenberg,
président.

HG/rb

175, BOUL. MONTPELLIER, BLVD., MONTREAL, QUE H4N 2G5 — TEL. (514) 748-6541 TELEX 05-268824

ASTRAL BELLEVUE Pathé LTD /LTEE
EXECUTIVE OFFICES, MTL. BUREAU DES DIRECTEURS, MTL

April 13, 1977.

Canadian Radio-Television and
Telecommunications Commission,
100 Metcalfe Street,
Ottawa, Ontario.
K1A 0N2

Re: Notice of Public Hearing

Gentlemen:

In reviewing your notice of February 3, 1977, we were greatly distressed to hear that very few submissions had a positive outlook regarding a Pay Television Agency.

The lack of knowledge and the reaction to the effect that Canada would derive very little benefits for its program production industry certainly disturbs us. As the largest fully Canadian-owned company involved in feature film and television production in Canada, we feel that this information is totally incorrect and not based on fact. We also feel that Pay Television will be the most important stimulant to the Canadian industry that has ever taken place in our history.

We are prepared to present a complete analysis and breakdown of the significant revenues which have been and will be generated to assist Canadian programmers. We feel quite confident that when Pay Television is introduced in Canada we will be able to satisfy the demands of the public while ensuring positive benefits to the Canadian broadcasting system and the Canadian production industry.

As a company which has been involved in providing programming in both English and French, we would greatly appreciate the opportunity of appearing before the Public Hearing at which time we would be prepared to outline the Pay Television Agency's role and objectives. This would include supporting material of Canadian creative and production resources, national and regional demands, structure of organization, delivery system and financing responsibilities.

We are looking forward to the opportunity of further discussing Pay Television and its introduction in Canada.

Yours very truly,

H. Greenberg

Harold Greenberg,
President.

HG/rb

175, BOUL MONTPELLIER, BLVD., MONTREAL, QUE. H4N 2G5 — TEL. (514) 748-6541 TELEX 05-268824

PAI

Received By — Reçu
SECRETARIAT
APR 18 1977
C.R.T.C.

Public Affairs International Ltd.
suite 805
350 Sparks Street
Ottawa K1R 7S8, Canada
Telephone (613) 238-1141

April 15, 1977

Miss Lise Ouimet
Secretary General
Public Hearings
Canadian Radio-television and
Telecommunications Commission
100 Metcalfe Street
Ottawa, Ontario
K1A 0N2

COMMENT
COMMENTAIRE
N-21

Dear Miss Ouimet:

RE: PAY-TV PUBLIC HEARING
MAY 30, 1977

This is to advise that Western Coded Television Ltd. will not be filing any material additional to its submission of September 30, 1976 entitled "A Pay-Television Policy for Canada" for consideration at the May 30, 1977 hearing. You will recall that our submission (copy enclosed) comments on most of the points set out in the Commission's February 3rd Notice of Hearing.

We do, however, wish to address the Commission during the public hearing on the details of our submission and we feel the following circumstances warrant the Commission acceding to this request:

- we are one of the few groups advocating an "over-the-air" delivery mechanism for Pay-Television;
- we control state of the art technology to allow for "over-the-air" delivery of programming;
- we are strongly committed to the per program charge concept as the best means of ensuring fair treatment for program producers and consumers.

.../2

PAI

Public Affairs International Ltd.

Miss Lise Ouimet
April 15, 1977

We also hope to arrange a demonstration of our system at the time the public hearing is held.

Please advise, at your earliest convenience, whether it will be possible to address the Commission during its hearing.

With best wishes.

Yours sincerely,

Torrance J. Wylie
President

Encl.

Home Cinema Limited

601 Somerset Place
294 Portage Avenue
Winnipeg, Manitoba
Canada R3C 0B9

Telephone (204) 942-7238

COMMENT
COMMENTAIRE
N-22

Received by - Reçu par
SECRETARIAT
APR 18 1977

April 14, 1977

Mr. Guy Lefebvre
Secretary-General
The Canadian Radio, Television and
Telecommunications Commission
1601 - 100 Metcalfe Street
OTTAWA, Ontario

Dear Mr. Lefebvre:

Re: Pay Television - public hearing
Ottawa - May 30, 1977

We are writing in response to the Commission's Notice of Public Hearing dated February 3rd, 1977, and amended February 24th, 1977. We wish to comment on certain specific matters relating to the introduction of pay television in Canada on a regulated basis.

We believe that pay television will indeed impact the Canadian Broadcasting system. There has been concern expressed that the impact will be entirely a negative one and we wish to differ with that opinion. The introduction of pay television presents an opportunity to strengthen and stimulate the Canadian Broadcasting system through the creation of a new distribution system and by the provision of a new economic base for production of Canadian works. We believe this will be the ultimate effect of pay television in Canada, however, we wish to address some problems.

The question of jurisdiction over pay television has not yet been resolved. For example, the Commission is aware that closed circuit systems do not fall within the jurisdiction of the Federal Government or the Commission. Further, the Commission is aware that jurisdiction may be delegated either by federal provincial agreement or in accordance with proposed amendments to the Broadcasting Act. The Commission is also aware that there are existing unlicensed and viable pay-television operations in Canada. We believe, that it may, at this time, be advantageous to settle the jurisdictional question and there are some obvious

cont'd .....

advantages which will flow from regulation by a single agency. We believe, however, that this agency must recognize regional differences. The proposed agency should be structured in a manner which will allow a degree of regional autonomy in matters of licensing and programming. To do otherwise may result in continued jurisdictional disputes. We are concerned such disputes will disrupt the introduction of pay television. Such disruption is not in the interests of the various levels of government, the distributors, or, most important, the subscriber. Further, the continuation of such disputes may render academic, many of the important questions set out in the Commission's Notice of Public Hearing.

HOME CINEMA LIMITED believes that pay television should not be offered solely by existing broadcasters or the existing cable television industry. We believe that the broadcasters and the cable industry have specific functions within the Canadian Broadcast System and it would result in an unhealthy monopoly situation if these interests were allowed the sole right to distribute pay television in Canada.

These are the general comments on the subject of pay television which we wish to submit to the Commission at this time. We have previously advised the Commission that we will not be able to attend in Ottawa on May 30, 1977, to discuss this matter further. We would appreciate receiving the Commission's permission to appear at the hearing which is scheduled to commence on June 7th, 1977, in Winnipeg, at which time we would comment on the form, composition and functions applicable to a pay television agency as set out in the Commission's Notice of Public Hearing dated February 3rd, 1977.

Yours truly,

HOME CINEMA LIMITED

Frank A. Johnson

FAJ:ms

CTV Television Network Ltd
[illegible]
Toronto, Ontario M4Y 1T5
Telephone (416) 924-5454
Telex
Administration 02-20278
Sales Service 02-21646

Received By / Reçu par
SECRETARIAT
APR 18 1977
C.R.T.C.

[illegible]
Director
Government and Industry Liaison

COMMENT
COMMENTAIRE
N-23

April 15, 1977

Lise Ouimet
Secretary General
Canadian Radio-Television and
Telecommunications Commission
100 Metcalfe Street
Ottawa, Ontario
K1A 0N2

Dear Lise:

Attached are copies of the Supplementary Submission to the Brief on Pay Television submitted to the Commission last October on behalf of Canada's private broadcast enterprises.

We trust this supplementary submission will be combined with our original brief filed last October when the Commission considers the position of the private broadcast sector on pay television.

We are pleased to advise that the number of private broadcasters supporting this joint, two-part submission on pay television now numbers 42 with the addition of Harvard Communications representing CKCK-TV, Regina. That makes a unanimous representation on behalf of the CTV Television Network and its affiliated stations.

It is our intention to appear before the Commission during the May 30 Public Hearing and we ask that sufficient time be allocated to permit adequate comment on this important issue.

Yours very truly,

JTC/mr
Encl.

cc: CTV Board of Directors
private broadcasters' list
Murray Chercover
Don Coyle
Bruce Parkes
Harry Boyle
Ralph Hart

A SUPPLEMENTARY SUBMISSION

TO THE

PROPOSED GUIDELINES

FOR THE

INTRODUCTION

OF

PAY TELEVISION

IN

CANADA

from Canada's
private television
broadcasters

April, 1977

INTRODUCTION

In October 1976, 41 of Canada's private television broadcast enterprises ... the private affiliates of the CBC Television Network, the Global Television Network, all independent English language television stations in Canada, the CTV Television Network and its affiliated stations ... submitted to the Canadian Radio-Television and Telecommunications Commission a joint brief on the subject of pay television in Canada.

The brief identified the damage to the Canadian broadcasting system which could be expected if pay television were to be introduced in Canada and further concluded that the goals and objectives set out by the Minister of Communications and the CRTC could not be achieved and strongly recommended deferral of Pay TV for the foreseeable future.

A total of 105 briefs on pay television from a broad cross-section of interests in Canada were received by the Commission. Our appraisal of these submissions suggests that the majority was clearly quite negative about the anticipated effects of pay television in Canada.

It is not really surprising that so many of the submissions concentrated on the problems that could be brought about by pay television when or if it were introduced in Canada.

In reviewing our brief submitted on behalf of Canada's private telecasters last October, we are satisfied that the questions posed in the Commission's February 3 call for a public hearing have been answered.

.../2

In the context of our understandable concern about the subject of pay television, we advanced to the Commission a set of proposed guidelines for the introduction of pay television in Canada that would at least minimize the damage to the Canadian broadcasting system and, at the same time, provide a new and needed stimulus to Canada's program production industry.

As a supplement to that original submission, we now offer a response to the 12 questions posed by the Commission and are pleased to advise that the number of broadcasters supporting this two-part joint brief is now 42 ... with the addition of Harvard Communications, representing the interests of CKCK-TV, Regina.

It is our intent to appear before the Commission during the forthcoming hearing and ask that the Commission assure adequate time in which to comment on this important issue.

1) "What kind and form of Pay Television programs should the agency provide, consistent with the role and objectives of the Canadian broadcasting system?"

We believe the Pay TV programming concept should reflect the basic criteria of quality, not quantity. We propose the service to subscribers include the best feature material available from all possible sources. The service should not, of course, be limited only to the presentation of movies but must also include major "live" events not normally scheduled by conventional television such as championship boxing matches or World Cup Soccer. Canadian produced feature films will earn their right to exhibition on merit ... not as a gratuitous gesture.

.../3

2) "How can a Pay Television program agency be supportive of Canadian creative and production resources?"

As proposed in our brief, it would be our intention to immediately establish a production support fund. This fund would receive 15% of gross annual subscriber receipts and 40% of net earnings, with a minimum of $1,000,000 committed for each of the three initiating years.

For example, when the system had a base of 500,000 subscribers, each at $9.00 per month, the gross revenue would be approximately $54,000,000 and 15% of gross, or $8,000,000 would be supplied to the fund. Were net earnings that year to be $2,500,000, the fund would have another $1,000,000 added to it (40% of net earnings), bringing the total to $9,000,000. Forty percent of that amount would be applied by the Pay TV company on a "leverage" basis as direct investment in Canada's feature film production industry, potentially resulting in eight new films that year each with a budget of more than $1,300,000. The Pay TV enterprise would have an equity position in these films and any accruing profit shares would be re-invested into the fund. These films would be available to the Pay TV system after a reasonable period of theatrical exhibition. Forty-five percent of this same fund would be applied with the counsel of the Advisory Board to the support of conventional television productions and the remaining 15% would be utilized to create a new, cultural package consisting of ballet, opera, classical theatre and other meritorious artistic and creative events for use on conventional television and made available to other forms of exhibition.

.../4

3) "How can such an agency respond to the national and regional demands of Pay Television subscribers?"

We recommend two national and exclusive Pay TV licenses, one for each official language. The two licensees would act in cooperation on the acquisition and exhibition of product for the Pay TV service and in production of certain programs whenever the two systems could benefit from such a cooperative enterprise. We believe there would be no particular value in attempting to regionalize or localize such a service.

Unlike conventional television which has a special responsibility to respond to local needs and interests and the community channel activities of local cable operations, Pay TV must deal in broader, common denominator programming in order to be truly successful. Regional or local benefits are now and would, with a national Pay TV service, best be provided by existing operations.

4) "What form of anti-siphoning restrictions should be applied?"

We have proposed some specific anti-siphoning guidelines including the following:

Pay TV should not be permitted to carry serial or series programming or conventional television specials.

.../5

Pay TV should not be permitted to carry motion pictures three years or more from the date of initial theatrical release.

Should rights negotiations for events normally carried on conventional television fail, a waiting period prior to Pay TV acquiring these events should be established. We recommend no less than five years.

Pay TV should not be permitted to carry commercials or any form of sponsored programming.

5) "How should such an agency be structured?"

and

8) "How should the capital structure be formed?"

We propose the licensing of two national and exclusive Pay TV organizations, one for each official language. The English language Pay TV company would be a consortium of private broadcast enterprises ... all who wished to participate.

We have not included the cable television industry in the proposed ownership structure because we believe that, unlike telecasters, they have failed to demonstrate sufficient expertise to program such a venture ... a key element on any successful Pay TV venture.

.../6

We have not included the public sector of broadcasting in the ownership and operation of Pay TV since we believe such a venture is not within the CBC's mandate and obligation and, further, because we recognize that the Corporation already enjoys massive subsidization from the public purse that, together with annual Parliamentary Appropriations and capital debt carry-forwards is, according to the Secretary of State, close to three quarters of a billion dollars!

Nor have we made provision for the participation of the general public in this Pay TV proposal since it would not be a traditional business undertaking and the risk element would likely discourage public venture capital investment.

Lastly, we have also not included in the shareholding arrangement of this Pay TV venture the independent film producers, primarily because there has been no historical demonstration of a financial capacity to become involved.

The new corporation would be funded with a capital commitment of between $6 and $10 million. There would be no voting trust. Each corporate participant would hold and vote its shares independently. The distribution of shares would not permit control on the part of any one of the parties involved.

An advisory board or council would be established, representing the broadest possible cross-section of interests and concerns. The principle officers of the Pay TV company would meet regularly with this board to consult on the most favorable applications of the production support fund's allocations.

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While reserving to itself the right to all final determinations, the Pay TV company would also work closely with cable operators, common carriers and other sources of technical expertise to select the required hardward and to determine the most effective methods of distribution.

Through the process of negotiation with the cable television industry, the Pay TV company would determine the responsibilities for installation, servicing and marketing of the service. On the basis of negotiating reasonable terms, the Pay TV would establish compensation to those cable operators for the carriage of the new service, including all incremental costs. However, those same cable operators would not be required to become involved in any new capital expenditures to provide the Pay TV service to their subscribers.

A reasonable period of experimentation in selected markets would be undertaken in order to evaluate hardware, alternative delivery modes, general marketing practices and subscriber acceptance.

Pay TV would, under this proposal, be initiated on the basis of a monthly subscription fee. It would be necessary to consider the merits of the probable future addition of a "pay-per-view" feature. The Pay TV company would also take under consideration the need to achieve maximum "universality" of the provision of service. Accordingly, such delivery concepts as over-the-air and satellite-to-home, will have to be taken into account, in order to provide service to rural and distant or remote regions. The Commission would be expected to ensure the availability, on an appropriate priority basis, of the required number of channels (both on cable and for off-air transmission) to achieve these objectives for service.

.../8

Audited statements of both the general operation of the Pay TV service, together with that of the use and application of the production fund, would be supplied to the Commission.

6) "Should the agency providing programs to licensed distributors be a private corporation, a public corporation or a mixed corporation involving both private and public participation on a non-profit or profit basis?"

and

7) "Should broadcasters, cable licensees and program producers particpate?"

We propose a private corporation be formed, consisting of only private broadcast entities, with the intent that it be structured as a profit producing enterprise. However, the corporation would be committed to the establishment of a large production support fund out of subscriber receipts and net earnings. Cable licensees and program producers, while not participating as shareholders in this venture, would be actively and productively participating through the provision of services and the production of programs.

9) "How will the agency collect its share of revenue?"

We propose that the individual cable companies effect the collection of monthly subscription fees, withold the negotiated amount for services and incremental costs and remit the balance to the Pay TV company.

.../9

10) "What percentage of revenue should be allocated to the distributor?"

We propose that an appropriate percentage of revenue, yet to be determined, would be established for the demonstrable incremental costs plus a reasonable margin for services rendered.

11) "How should a Canadian content requirement be applied?"

In order to address the objectives, Pay TV must be fiscally sound and financially successful. To ensure this, Pay TV needs to be able to attract the largest possible volume of subscribers by offering the most attractive array of the most popular and successful features available. To do otherwise would reduce significantly the opportunity for developing the largest possible production support fund ... one of the most essential elements of our proposal. Therefore there should be no arbitrary Canadian content applied to a Pay TV service.

12) "What percentage of revenue should be allocated to Canadian program purchases?"

We believe Canadian produced features ought to be exhibited on Pay TV on the basis of merit and not just as the result of some arbitrary and gratuitous requirement. The thrust in programming for Pay TV, as should be the case in all television programming, must be quality, not simply

.../10

quantity. The amount of budgets which could be allocated for the acquisition of Canadian produced features would be determined by the quality and discernable box office appeal of the available product. Moreover, all Canadian program producers would be the direct and exclusive beneficiaries of the production support fund. Accordingly, we do not recommend that any fixed percentage of revenue from Pay TV should be arbitrarily allocated to the purchase of Canadian programs.

SUMMARY

We trust we have now satisfactorily responded to each of the expressed concerns of the Commission regarding the Pay TV proposition.

Should there remain areas still unclear to the Commission, we assume we will have an adequate opportunity to develop such points more clearly during our appearance before you at the forthcoming Public Hearing.

April 14, 1977

COMMENT
COMMENTAIRE
Add To #N-24

Mr. Harry J. Boyle
Chairman
C.R.T.C.
Berger Building
100 Metcalfe Street
OTTAWA, Ontario
K1A 0N2

RE: PAY T.V.

Dear Sir:

As the concept of PAY T.V. will greatly influence our industry and future job prospects, we believe that the brief on PAY T.V. presented by the National Association of Broadcast Employees and Technicians should be given every consideration.

In addition, we as members of Local 817 N.A.B.E.T., CFQC, Saskatoon, unconditionally support the brief on PAY T.V. submitted by the national offices of N.A.B.E.T.

Thank you for your consideration.

Sincerely,

Ken Adolph
President, Local 817

/lda
cc Mr. Jean Benoit

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AT AN EXECUTIVE BOARD MEETING APRIL 14, 1977 THE FOLLOWING RESOLUTION WAS UNANIMOUSLY PASSED - WHEREAS THE C.R.T.C. WILL SOON BE HOLDING HEARINGS REGARDING PAID TELEVISION IN CANADA AND WHEREAS JEAN PENOIT, INTERNATIONAL PRESIDENT OF N.A.B.E.T. WILL BE PRESENTING A BRIEF ON BEHALF OF N.A.B.E.T., BE IT THEREFORE RESOLVED THAT LOCAL 82 HAVING READ SAID BRIEF IS IN FULL SUPPORT OF THE PRESENTATION MADE BY OUR INTERNATIONAL PRESIDENT AND BE IT FURTHER RESOLVED THAT OUR LOCAL PRESIDENT SEND A TELEGRAM NO LATER THAN APRIL 15, 1977 TO THE C.R.T.C. STATING LOCAL 82'S UNANIMOUS SUPPORT OF N.A.B.E.T.'S BRIEF.

NORMAN KOLISNYK, LOCAL 82 PRESIDENT OF N.A.B.E.T.

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national association of broadcast employees and technicians
association nationale des employés et techniciens en radiodiffusion

REGISTERED

April 13th, 1977.

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COMMENT
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Ms. Lise Ouimet,
Secretary,
CRTC,
100 Metcalfe Ave.,
Ottawa, Ontario.

Dear Ms. Ouimet:

Within the next few weeks, the Canadian Radio-Television and Telecommunications Commission will hold important hearings on the subject of Pay-TV.

Because of its great significance and also because of its far reaching effects such an eventual law would have on the whole communication industry, we felt it our duty towards our membership and the public at large to submit our brief on the subject of Pay-TV, a brief which has been prepared with the utmost care and efforts by our experienced staff and officers.

We are a trade union known as the National Association of Broadcast Employees and Technicians and by its abbreviated name "NABET". We represent some 5,700 employees in radio, television and related fields, all working either at CBC and CTV networks and in a multitude of independent stations scattered across Canada.

NABET is a complete autonomous union affiliated with the Canadian Labour Congress.

Yours very truly,

Jean Benoit
International President

Jiacomo Papa
Int'l Secretary-Treasurer

JB:ag
cc: IEC
Staff

1010 ouest west Ste-Catherine • Suite 735 • Montréal, P.Q. H3B 3R3 • 878-3141

PAY - TV

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I INTRODUCTION

Pay television is not an isolated element; it is related to the whole Canadian communication system. Because of this, we cannot discuss pay television without describing its position with regards to other major elements, broadcasting and cable television.

A Cable Television

The Cable-TV industry in Canada has developped at a spectacular rate since its introduction a few years ago: between 1970 and 1975, the gross fixed assets went from $131 million to $358 million and the gross annual revenue increased from $55 to $161 million. The growth rate of the Cable-TV industry was much higher than that of the total broadcasting industry.

Presently, cable television is accessible to 70% of Canadians, and 45% of households are subscribing. Such figures show that cable operators have, in just a few years, become a major force in Canada; they also have created major problems to the Canadian broadcasters.

What were the consequences of the rapid evolution of this sector for the broadcast industry in Canada?

First of all, cable television operators gave thousands of Canadians access to three American networks; it is generally agreed that this was the most important factor for their rapid growth.

Before the introduction of cable systems, Canadians could already view on conventional television, 80% of prime time programs produced for the three American networks. In other words, cable operators were not really offering new programming to Canadians, but direct access to American networks.

Direct access to the total programming of American networks had an important effect on Canadian broadcasters: it increased the fragmentation of the viewing public. "Film Study" prepared for the Department of the Secretary of State states it clearly "...the major impact of Cable-TV on television viewing in Canada has been greatly to increase the amount of time spent watching U.S. stations."*

Such fragmentation of the viewing public could reduce earnings for broadcasters and at the bottom line cause a reduction in revenue available for programming and production of Canadian programs.

Thus, by contributing to an increase of television stations available, the Cable-TV operators have helped in further fragmenting the viewing public. Unfortunately, the quality and quantity of their contributions to Canadian programming has been almost nil; they spend less than 4% of their gross revenues to that effect.

* Film Study, Bureau of Management Consulting, Supply and Service, Canada, Ottawa, June 15, 1976, p. 84.

B. Canadian Content

Such data raises the problem at the core of the broadcasting system: Canadian content.

The nature of the broadcasting system is defined in the Act: it must be Canadian, "owned and effectively controlled by Canadians in order to safeguard and reinforce the political, social and economic fabric of Canada." (1) It must also "use creative and other Canadian resources." (2)

As for ownership, though it is Canadian, NABET and several other organizations are worried about the increasing concentration of this ownership in the broadcasting media in Canada, specially when the print media is included in the corporate entity.

As for cultural, political and social safeguards in Canada, we believe that we have been regressing for the last few years.

The heart of the problem therefore is that our Canadian broadcasting and cable television system is increasingly conveying the "American way of life" and if Canadians are to remain Canadians, this trend must be reversed.

(1) Broadcasting Act, 1968

(2) Idem

Consequently, our premise is that any technological development which would increase our dependence on foreign production can only aggravate the crisis we are experiencing; it is within this framework that we consider the introduction of pay television in Canada.

II NOTES ON THE SITUATION

In December 1975, the Canadian Radio-television and Telecommunications Commission decided to postpone indefinitely the granting of licences for pay television operations. That decision followed the submission of many briefs to the Commission against a rapid introduction of pay television in Canada.

The following is a summary of the major arguments for and against a rapid introduction of pay television.

The major arguments in favor of the introduction of pay television were:

- we have the technology necessary for the introduction of pay television, therefore, this project can be implemented over a rather short period;

- we must immediately take advantage of this new technology, so as not to lag considerably behind the Americans, which would eventually place us in an inferior position;

- pay television represents a new source of revenue for the Canadian communication industry and would contribute to its development;

- there is a substantial potential market;

- pay television will increase the selection offered to Canadian television viewers;

- part of the profits from pay television will be used to stimulate and finance Canadian production.

The main arguments against were:

- broadcasters are worried about further fragmentation of audience which would be caused by the introduction of pay television, the resultant shrinking of their market and revenues, with resultant loss of jobs in the broadcast industry.

- the siphoning of programs presently broadcast over conventional television to pay television; for example, feature films, major sports events, series, variety shows, etc.

- the increase of American domination of the Canadian market which is already saturated by foreign productions; indeed, the major pay television models submitted to the Canadian Radio-television and Telecommunications Commission offered that type of programming.

- the negative impact the introduction of pay television would have on movie theatres' attendance, which has been declining for several years.

It must also be added that beyond those arguments, we have a confrontation of two vested interests: the broadcasters who maintain that the situation is already critical because of public fragmentation and cable operators who see a new very substantial source of profits and revenue in pay television.

III THE INTERVENTION BY THE MINISTRY OF COMMUNICATIONS

In June 1976, federal Minister of Communications, Jeanne Sauvé stated: "the introduction of pay television is unavoidable and we must, right now, try to find a formula to insure that its implementation will take into account the whole Canadian broadcasting system."

This is directly opposed to the previous position of the Canadian Radio-television and Telecommunications Commission, delaying introduction of Pay-TV indefinitely. Why was there such a change in the federal policy on pay television?

A. Reasons for intervention by the Ministry of Communications

We feel the following reasons have prompted federal government intervention: the availability of technology and the desire of the federal government to avoid uncontrolled development: federal-provincial quarrels over communication, certain economic pressures and the lure of new financial resources to increase Canadian production.

1. Availability of technology and desire of the federal government to control the evolution of pay television

We already are aware of the availability of technology and that pay television could be introduced within a rather short period of time. Furthermore, there already are some types of pay television in Vancouver and Toronto.

TWC Television Limited, purchased in 1974 by Rogers Cable Communications, owned by Rogers Telecommunications, is presently serving over 10,000 hotel rooms in Toronto. A guest may order a film of his choice which will be shown on the set in his room for a set fee.

In Vancouver, Pre-Vue, in operation since 1976, is serving several hotels. It must be noted that Pre-Vue belongs to Premier Cablevision, in which Rogers Telecommunications has a 21% interest. However, they now have to contend with another broadcasting conglomerate. Western Broadcasting Co. Ltd. is also attempting to gain control of Premier. According to Howard Tate, a financial analyst for the firm Midland Doherty Ltd. of Toronto: "... Premier represents a potentially lucrative acquisition for either Western or Rogers because of that company's Pay-TV potential." *

At this time, you also have in Canada other types of pay television in apartment buildings. Finally, some provincial governments are planning the establishment of systems in their territory, such as Saskatchewan.

The federal government does not want to repeat errors of the past; they want to plan and regulate pay television development from its inception.

* The Globe and Mail, Friday, January 28th, 1977, p. B-4

2. Federal-Provincial Conflicts of Jurisdictions

In matters of communications, there are frequent confrontations between the federal government and the provinces, the latter demanding increasing powers. Both in the field of cable distribution and pay television, several provinces, including Manitoba, Saskatchewan, Alberta and Quebec, are trying to affirm their jurisdiction.

Alberta: a letter dated September 28th 1976, addressed to the federal Minister of Communications by the Alberta government stated: "Pay-TV is a matter of provincial rather than federal jurisdiction."

The Saskatchewan government is going even further: in a brief entitled "Cable Television in Saskatchewan", dated February 9, 1976 and submitted to the Canadian Radio-television and Telecommunications Commission, it said: "The major purpose of the Saskatchewan government's policy is to foster the introduction of an integrated provincial telecommunications system which delivers all forms of signals and services including telephone, television, business information and educational services to as many as possible at a reasonable cost to all users."

Saskatchewan, to affirm its authority over cable distribution and pay television, is drafting a bill which would put cable television and pay television under the exclusive control of the provincial government.

Manitoba negotiated an agreement with the federal government which added a new element in the federal-provincial quarrels. The Minister of Communications agreed that the Manitoba Telephone System, which is a provincial organization, has the right to own cable hardware. Such a decision goes against previous policies of the Canadian Radio-television and Telecommunications Commission.

In turn, Manitoba recognized that "regulation and supervision of programming services, including programming services supplied Manitoba through installations or equipment of the organization would come under the exclusive jurisdiction of Canada." *

This, of course, is a compromise; Manitoba is given a right to own cable hardware and the federal government reinforces its jurisdiction over regulation of cable distribution and pay television.

To conclude, we are all aware of the "war of the cable" waged between Quebec and Ottawa under the former provincial government which has been continued by the new government. The same goes for pay television: Quebec claims jurisdiction both over cable distribution and pay television. The Quebec Minister of Communications, Louis O'Neil, created a committee to review the matter with a mandate to explore the feasibility of a Quebec pay television system.

* Agreement of November 10, 1976 between the Canadian and Manitoba governments.

The conflicts between the federal government and the provinces were stressed to show the importance of such conflicts in the hasty decision of the federal government to pursue the unnecessary development of Pay-TV. There appears to be no public pressure to develop such a system in Canada at this time.

3. Economic Pressures

There certainly are economic pressures put on the federal government so that all possible benefits of this new source of revenue are tapped as quickly as possible and if one looks at the repeated interventions of cable operators one is convinced that their lobby in this respect is being accepted by the federal government.

The economic impact of Pay-TV on the present systems and the real cost of setting up Pay-TV is very questionable, bearing in mind the various briefs submitted on the subject.

A detailed economic study must be completed taking into consideration all the factors and not just the profits to the cable operators.

4. Canadian Production

We are all aware that there are major problems facing Canadian production. The restricted market is often mentioned, so is competition with the American giant and the solution often offered is that we should produce

films of an international class, series which can be sold abroad, so that the Canadian industry may be able to survive and even reap substantial profits.

The capital available on financial markets for good quality film and television production is still scarce. Profits from pay television could represent new money to that industry and therefore revitalize it.

This was used as the main argument in support of pay television.

We believe these four reasons represent the basic factors which prompted the federal government to, one, overrule the recommendations made by the Canadian Radio-television and Telecommunications Commission and, two, voice support for the rapid introduction of pay television in Canada.

B. Ministry of Communications Objectives

In this part of the brief, we shall deal with the federal government proposals. Mrs. Jeanne Sauvé, federal Minister of Communications, in a speech on June 2, 1976, before the Canadian Cable Television Association, stated that the advent of pay television was unavoidable and that she would ask the Canadian Radio-television and Telecommunications Commission to request briefs "on the structural development of pay television."

According to the federal Minister of Communications, pay television had three objectives.

First

It must offer a choice of programs which would not overlap those currently offered by broadcasters and this, without using the present programming of the broadcast system.

Second

It must ensure production of high quality Canadian programs which Canadians are going to watch.

Third

It must ensure that Canada produces programs for the international market.

These objectives are meant to protect broadcasters, increase the selection for viewers while increasing Canadian production.

First Objective:

The aim of this objective is to increase the viewers' selection while avoiding siphoning programs already aired by broadcasters. Further to this statement, the first question is: What programming content will be carried by the Pay-TV system?

In the field of sports, for instance, we could imagine a world championship boxing match. However, if it is going to be hockey, baseball, football, tennis, golf, the Olympic games, the Grey Cup or the Stanley Cup, the Canada-Russia games...etc..., such events are already aired by broadcasters.

As for cultural activities: opera, ballet, drama, etc..., they usually appeal to a limited audience; if pay television had a monthly invoicing system, it is almost certain that such events would not be presented on Pay-TV. As for recording and variety stars, many already appear on programs broadcast by conventional television.

It seems clear that the majority of pay television content will be recent American feature films, not yet available to broadcasters.

To summarize, we can therefore state that the originality of pay television programming is essentially based on the distribution of recent American films without commercial interruption, with an occasional Canadian production used to fill out the schedule.

This situation raises the following dilemma: allow and reinforce the American cultural invasion in order to raise funds to increase our Canadian production. The same principle was applied to conventional television: the broadcasting of American programs was supposed to help finance quality Canadian programs which Canadians would watch.

What happened in fact? Canadians are watching more and more American programs. This approach did not have the desired effect and Canadian production was not sufficiently funded.

If pay television wanted to offer something other than American films, it would have to use the same programs, Canadian talents and resources used by broadcasters.

To conclude, there is a serious risk of siphoning, which would be extremely difficult to control effectively and if most of the pay television programming was recent U.S. films, why set up such a system? It would only benefit the operators and not the Canadian public or the production industry.

Second Objective:

The second objective is that pay television "must ensure production of high quality Canadian programs that Canadians will watch." This objective is not exclusive to pay television and closely resembles the CBC mandate. When broadcasters come before the Canadian Radio-television and Telecommunications Commission for renewal of their licences, do we not usually find the same hollow promises of performance that are seldom carried out by the licensees?

As for Canadians watching Canadian programs, will the desired objectives be realized if we offer a program format mainly consisting of American feature films on Pay-TV?

Third Objective:

The third objective is that we produce programs for the international market.

We must first of all state that the USA are producing over one hundred (100) feature films per year, and their financial means are more abundant than ours. Other countries are also interested in the international market, such as France, England, Italy, etc.

Television producers in the U.S. produce thousands of shows each year, many of which cost over $100,000. per show, for an audience of 200,000,000 people.

This objective is indeed only a wish! Some Canadian productions will certainly have an international market. However, it is almost impossible to compete directly with the American or other foreign producers so why make it a priority when the urgent problem is Canadian content in our own institutions?

IV THE WALTZ OF MILLIONS - SETTING THE RECORD STRAIGHT

The ultimate justification for a rapid introduction of pay television is the fact that 15% of its gross revenue would be invested in Canadian production; Honorable Jeanne Sauvé mentioned possible revenues of $13.5 million per year for Canadian production while PTN Pay Television Network Limited, owned by a number of Canadian cable operators, is quoting the following figures: funds in the order of 30 to 50 millions would be available during the first six years of operation.

The monies referred to above for investment in Canadian production would do little to generate a substantial increase in television and film production in Canada; the amount set aside for production is indeed a very small amount compared to the revenue realized by the system.

PTN also quotes other interesting figures: for each $1.20 (or 15% of gross revenue) invested in Canadian production, $2.00 (or 25% of gross revenue) would be used to purchase foreign material, mostly from the United States. PTN drafted a project for investing this 15% in about 50 Canadian productions, supplying 1/3 of the production cost; however, they do not say where they will find the additional $60 to $100 million - if you take into account the fact that at this time we are investing $10 to $15 million per year in feature films in Canada, one may wonder where such additional amounts are going to be found.

Some conclusions that can be drawn: the amount of capital "eventually" available leaves room to interpretation - no one knows where the additional money required for the implementation of some projects would come from, and finally twice as much money will be invested in the purchase of foreign material as for Canadian production.

We know that there is approximately 3 million households receiving their television signals by cable in Canada. To generate revenues for production in the order of $10 million per year (15% of gross revenue), one million Canadians would have to agree to pay $5.50 per month for pay television in addition to their cable subscription, which is rather optimistic. Indeed, the rate of penetration of Pay-TV in households subscribing to cable would have to be 33 1/3%.

One can foresee that cable distribution will expand and that the subscription rates to pay television will be higher, but the fact remains that the assumptions are just that, only assumptions.

When computing the benefits which could accrue from pay television, we should also look at the cost of the full impact of the Pay-TV system and adverse effect on the present system.

If we agree that the major problem of broadcasting and cable distribution is content, and that the major vehicle for Canadian content will remain conventional television in the foreseeable future, we should try to assess the impact of the introduction of pay television on Canadian broadcasting.

Indeed, what would be the point of creating a viable film industry, if the consequence was a weaker television system than we have at this time?

Briefs submitted to the Canadian Radio-television and Telecommunications Commission and the statements of the Federal Minister of Communications indicate that the amounts collected by pay television would be invested in the production of Canadian feature films, at least a major part of it; those amounts would go to independent producers.

NABET cannot agree with such an approach. We believe that the introduction of pay television will have a serious negative impact on conventional television.

We do not, at this time, have the tools necessary to effectively evaluate the economic impact of pay television on broadcasting in our country: as a matter of fact we believe that independent and completely unbiased studies should have been supplied various parties before they embark on such a complex debate.

However, it is clear that the increase in viewing public fragmentation can only lead to a loss of earnings for broadcasters, which will necessarily have repercussions on their production capacity. Our members have expressed a deep concern for the continued viability of the present television and production system if Pay-TV is introduced.

V DEMAND

Before imposing pay television, there should be a clear demand from the public for this new technology.

Goldford Consultants Limited prepared a market survey for PTN Television Network [3] and a Gallup Poll [4] on pay television was conducted in December 1976.

The Goldford Consultants Limited questionnaire was addressed to subscribers of a cable television enterprise. The questionnaire first explained that "... Pay-TV, when it becomes available, will be showing recently released full length movies, that is, movies released within the last year or two that could be shown in any theatre, as well as other entertainment programs or events not otherwise available on television. Pay-TV will have no commercial interruptions."

"Then, people were asked, without any reference to the possible cost of Pay-TV, how 'likely' they would be to subscribe to it when it becomes available."

One remark first of all: the explanatory material and the way in which the question was asked was certainly leading.

(3) Presentation to the CRTC by PTN Pay Television Network, October 1st, 1976, Appendix B.

(4) Gallup Poll, January 15th, 1976, Section J, page 4.

"Likelihood of subscribing to PAY-TV"

Very likely	14%
Somewhat likely	21%
A little likely	25%
Not likely at all	34%
Don't know	6%
TOTAL	100%

Figures are self-evident: those who are already subscribing to a cable system, or the target market for pay television, are not enthusiastic: only 14% show real interest. Finally, let us note that in the lowest three categories, those who are not interested at all, those who are interested a little, and those who have no opinion, are a majority of respondents, 65%.

To the question "Why pay television now", PTN replies ... "Canadians will increasingly want it", which is a rather uncertain statement.

The Gallup Poll was addressed to all Canadians, and "...even though pay television projects have been discussed to some extent in the media, a majority of Canadians, are either not interested at all (47%) or very mildly interested (25%). Only 24% show interest; 4% still do not have any set idea about it.

The question asked was as follows:

"There has been a lot of talk about pay television recently, in other words programs such as first viewing of films, without interruption for commercials, and for which the public would pay. It may be rather

difficult at this time to make a valued judgment on such a project, but to what extent would you be interested: a lot, moderately, little, or not at all?"

	Very Interested	Moderately Interested	Little	Not at All	Without Opinion
Overall	8%	16%	25%	47%	4%
Breakdown by Regions:					
Atlantic Provinces	3%	9%	33%	41%	13%
Quebec	10%	14%	18%	54%	4%
Ontario	9%	16%	25%	47%	3%
Prairie Provinces	7%	18%	31%	40%	4%
British Columbia	6%	22%	29%	40%	3%
According to age:					
18 to 29	13%	19%	24%	41%	3%
30 to 49	6%	19%	25%	46%	4%
50 and over	6%	10%	25%	53%	6%
According to sex:					
Male	9%	18%	23%	45%	4%
Female	7%	14%	27%	48%	4%

Despite the fact that neither survey mentioned the subscribing rate which could be in the order of $100.00 per year, the public clearly showed a lack of interest and desire for the introduction of Pay-TV, even though the lobbyists would have you believe otherwise.

In addition, we do not believe that because a small number of Americans find this technology interesting, that this is enough reason for creating a system in Canada.

VI CONCLUSION

To conclude, we believe that this debate on pay television should take into account the three following important factors:

Is there a demand? Will the introduction of this new technology widen selection for the viewers? Will pay television worsen viewer fragmentation?

1. Demand

We have not seen any satisfactory demonstration of a real demand in Canada for pay television.

However, we know very well that demand can be artificially created. Do Canadians really need this new technology more than they need any of those other gadgets which we succeed in selling them through saturation advertising campaigns?

Of course, Canadians need better programs, better programming, better films! However, we do not believe pay television to be the magic solution.

2. Selection

Pay television promoters are spreading the gospel of a widening of selection for viewers. What is the real situation?

First of all a pay television system would consume at least eight films per month, or 100 films per year. Can we be guaranteed that even Hollywood could produce 100 new quality films per year, for pay television?

The Motion Picture Association of Canada states as follows:-

> "It appears to be the policy of the major film suppliers to Pay-TV that they will release a picture approximately eight to twelve months after their initial theatrical release. It further appears that, based upon the American experience, the primary staple is motion pictures. Based on these facts, we question the benefits to the Canadian public of having a Pay-TV system introduced, which will only create an additional expense to the Canadian public by having to pay for a product they are now receiving over free TV with the only advantage that they will see it six months earlier."

Additionally, some American stars have clauses in their contracts to guarantee a percentage of Box Office revenue which delays the release of films to other than theatres for a seven year period.

3. The impact of pay television on Canadian broadcasting

We are told that the cost of introduction of pay television could be $100 million or more, depending on the system, that the subscriber would have to pay between $5.00 and $10.00 per month. But who has evaluated the other costs?

Introduction of Pay-TV can only further aggravate the viewing public fragmentation problem and cause loss of earnings for broadcasters. This loss of revenue in turn will cause a drop in quality of Canadian production on conventional television. This reduction in revenue will also mean less production and therefore less personnel employed in broadcasting and allied industries.

Definitely these questions reflect our real concerns and until we obtain an appropriate answer, we must oppose pay television.

For these reasons, the National Association of Broadcast Employees and Technicians firmly opposes the introduction of Pay-TV in Canada.

VII PAY TELEVISION STRUCTURE

In the event that the government allows Pay-TV in Canada, even though NABET firmly opposes its introduction for the reasons mentioned in this brief, we submit the following for your consideration.

- A government corporation should be set up to administer pay television.

- Its Board of Directors should be made up of people appointed by the Government, from public and private broadcasting, from cable television and the film industry, from representatives of labor and the public in general.

- Such a corporation should have two separate sectors: one responsible for the equipment necessary to operate pay television and the other in charge of programming and production.

- Its main objective would be to make the most money possible available to Canadian producers in television and film.

- Such amounts should be shared between independent production firms and broadcasters who have already shown their capacity to produce high quality programs.

- The programming of Pay-TV would be 100% Canadian.

- An experimental project should be undertaken for a 2-year period to determine the full impact of this new technology on conventional broadcasters before a full network is introduced.

Strict criteria should be defined to avoid siphoning of programs shown on conventional television.

VIII RECOMMENDATIONS

As a summary:

We believe that the December 1975 decision by the Canadian Radio-television and Telecommunications Commission, to delay indefinitely the introduction of pay television in Canada, should be maintained.

Public hearings should be held on this topic across Canada.

Comprehensive independent studies on demand, content and impact of pay television on broadcasting as we know it, should be undertaken and made available to all.

If a consensus is reached on the advisability of introducing pay television, following those public hearings, we believe that a Crown corporation should be responsible for its implementation.

The directors of this corporation could come from the fields of broadcasting, cable television, film, labor and the public.

The content of such television should be entirely Canadian.

The maximum of revenue generated by this Crown corporation should be invested in Canadian production, and shared equitably between independent production enterprises and those broadcasters who have shown they are capable of producing high quality programs.

We believe that these recommendations and this brief are meant to serve the interest of broadcasting in Canada and that any new contribution to the present system should have, as a priority, the increase of Canadian production and, therefore, a reduction of our dependence on foreign production.

National Association of Broadcast
Employees & Technicians
(NABET), CLC

Jean Benoit
International President

April 1977.

TELEVISION A PEAGE

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I INTRODUCTION

La télévision à péage n'est pas un élément isolé; elle fait partie d'un tout, c'est-à-dire du système canadien de communications. A ce titre, nous ne pouvons traiter de la télévision à péage sans la situer par rapport aux autres composantes importantes, c'est-à-dire la radiodiffusion et la télédistribution.

A. La télédistribution

L'introduction de la télédistribution s'est faite rapidement au Canada et le développement de cette industrie a été spectaculaire: entre 1970 et 1975, les immobilisations (gross fixed assets) sont passées de $131 millions à $358 millions et les revenus annuels bruts (gross annual revenues) ont progressé de $55 millions à $161 millions. Le taux de croissance de l'industrie de la télédistribution a été beaucoup plus élevé que celui de la radiodiffusion dans son ensemble.

Présentement, la télédistribution est accessible à 70% des Canadiens, et 45% des foyers y sont abonnés. Ces chiffres nous indiquent que les télédistributeurs sont devenus, en très peu d'années, une force majeure au Canada; ils ont aussi créé une situation très difficile pour les radiodiffuseurs canadiens.

Quelles ont été les conséquences de l'évolution rapide de ce secteur sur les radiodiffuseurs "traditionnels" au Canada?

En premier lieu, les télédistributeurs ont permis à des milliers de Canadiens d'avoir accès aux trois réseaux américains; on s'accorde généralement à dire que ce facteur a été le moteur de leur développement.

Citons quelques chiffres: les Canadiens pouvaient déjà voir 80% des émissions "prime time" produites pour les trois réseaux américains à la télévision conventionnelle avant l'introduction du câble. C'est donc dire que les télédistributeurs n'offraient pas vraiment une "nouvelle" programmation aux Canadiens, mais bien l'accès direct aux réseaux américains.

L'accès direct à la programmation intégrale des réseaux américains a eu un effet important sur les radiodiffuseurs canadiens; il a accentué le morcellement de l'auditoire. "Film Study", rédigé à l'intention du secrétariat d'Etat, le déclare clairement: "L'impact majeur de la télédistribution sur le public canadien a été de multiplier considérablement le nombre d'heures passées à regarder des stations américaines."*

Cette fragmentation de l'auditoire peut provoquer un manque à gagner pour les radiodiffuseurs et, en fin de compte, une baisse de revenus disponibles pour la programmation et la création d'émissions canadiennes.

* Film Study, Bureau of Management consulting, supply and service Canada, Ottawa, le 15 juin 1976, page 84.

C'est donc dire que les télédistributeurs ont contribué à augmenter le nombre de stations de télévision que les Canadiens peuvent regarder, et participer ainsi au morcellement de l'auditoire. Par contre, ils n'ont à peu près pas participé à la production canadienne; moins de 4% de leurs revenus bruts en 1974 y a été consacré.

B. Le contenu canadien

Ces données nous amènent à poser le problème central du système de radiodiffusion à l'heure actuelle, c'est-à-dire celui du contenu canadien.

La nature du système de radiodiffusion est définie dans la loi; il doit être canadien, "être possédé et contrôlé effectivement par des Canadiens de façon à sauvegarder et raffermir la structure politique, sociale et économique du Canada." (1) Il doit aussi "utiliser des ressources canadiennes créatrices et autres." (2)

1. Loi sur la radiodiffusion, 1968

2. Idem

En ce qui concerne la propriété, même si elle est canadienne, le syndicat NABET et plusieurs autres organismes s'inquiètent de la concentration,au niveau de la propriété des "mass-media" au Canada, particulièrement quand les mêmes intérêts contrôlent un certain nombre de journaux en plus des "media électroniques".

Le noeud du problème est donc celui-ci: notre système de radiodiffusion et de télédistribution canadien est de plus en plus un convoyeur pour "l'American way of life", et si les Canadiens espèrent demeurer canadiens, cette tendance devra être inversée.

Nos prémisses sont donc celles-ci: tout développement technologique qui contribuerait à augmenter notre dépendance vis-à-vis la production étrangère, ne pourrait qu'aggraver la crise que nous traversons; c'est dans cet esprit que nous abordons l'introduction de la télévision à péage au Canada.

II RAPPEL

En décembre 1975, le Conseil de la radiodiffusion et des télécommunications canadiennes décidait de remettre indéfiniment l'octroi de permis pour l'exploitation de la télévision à péage. Cette décision faisait suite à la présentation de nombreux mémoires au Conseil, hostile à l'introduction rapide de la télévision à péage au Canada.

Nous résumerons ci-après les principaux arguments pour et contre l'introduction rapide de la télévision à péage.

Les principaux arguments en faveur de l'introduction de la télévision à péage étaient les suivants:

- nous possédons la technologie nécessaire à l'introduction de la télévision à péage, ce projet est donc réalisable dans un laps de temps assez court;
- il faut profiter dès maintenant de cette nouvelle technologie, afin d'éviter un retard considérable sur les Américains, ce qui nous placerait éventuellement dans une position d'infériorité;
- la télévision à péage constitue une nouvelle source de revenus pour l'industrie des communications au Canada, et pourrait favoriser son développement;
- il existe un marché potentiel important;
- la télévision à péage contribuera à augmenter le choix des téléspectateurs canadiens;
- une partie des profits qu'engendrerait la télévision-à péage sera utilisée pour stimuler et financer la production canadienne.

Les principaux arguments contre:

- les radiodiffuseurs s'inquiètent d'une augmentation du morcellement de l'auditoire que pourrait provoquer l'introduction de la télévision à péage, du rétrécissement de leur marché, de la diminution de leurs revenus et de la baisse d'emplois qui s'ensuivraient;
- le transvasement d'émissions diffusées à la télévision "conventionnelle" au profit de la télévision à péage; par exemple, films, spectacles sportifs, séries, émissions de variété, etc.;
- l'accroissement de la domination américaine sur le marché canadien déjà saturé de productions étrangères; en effet, les principaux modèles de télévision à péage présentés au Conseil de la radiodiffusion et des télécommunications canadiennes offrent une programmation dominée par les films américains;
- l'impact négatif que pourrait avoir l'introduction de la télévision à péage sur la fréquentation du cinéma déjà en baisse depuis plusieurs années.

Il faut aussi dire que, derrière ces arguments, s'affrontent deux (2) groupes importants: les radiodiffuseurs, soutenant que la situation est déjà critique à cause du morcellement des auditoires, et les

télédistributeurs, qui voient déjà dans la télévision-à péage une nouvelle source importante de revenus et de profits.

III L'INTERVENTION DU MINISTERE DES COMMUNICATIONS

En juin 1976, le ministre fédéral des Communications, Mme Jeanne Sauvé, intervient: l'introduction de la télévision à péage est inévitable et il s'agit dès maintenant de trouver une formule pour veiller à ce que son implantation se fasse en tenant compte de l'ensemble du système canadien de radiodiffusion.

Cette position vient en contradiction flagrante avec les conclusions du Conseil de la radiodiffusion et des télécommunications canadiennes de décembre 1975, c'est-à-dire de retarder indéfiniment l'introduction de la télévision à péage. Pourquoi ce revirement de la politique fédérale en matière de télévision à péage?

A. Motifs de l'intervention du ministère des Communications

Nous croyons que le gouvernement fédéral est intervenu pour les raisons suivantes: la disponibilité de la technologie et la volonté du fédéral d'éviter un développement sauvage; les querelles fédérale - provinciales en matière de communication; certaines pressions économiques et l'attrait de nouveaux argents pour relancer la production canadienne.

1. La disponibilité de la technologie et la volonté du gouvernement fédéral de contrôler l'évolution de la télévision à péage.

Nous savons déjà que la technologie est disponible et que l'introduction de la télévision à péage pourrait se faire dans un laps de temps assez court. De plus, il existe déjà certaines formes de télévision-à-péage à Toronto et à Vancouver.

TWC Television Limited, acheté en 1974 par Rogers Cable Communications, propriété de Rogers Telecommunications, dessert présentement plus de 10,000 chambres d'hôtels à Toronto. Le client peut commander le film de son choix qui lui sera présenté sur le téléviseur de sa chambre, à un prix déterminé.

A Vancouver, Pre-Vue, en opération depuis 1976, dessert déjà plusieurs hôtels. Fait à noter, Pre-vue appartient à Premier Cablevision, dont Rogers Telecommunications possède 21% des actions. Cependant, il fait maintenant face à un adversaire de taille, Western Broadcasting Co. Ltd., qui tente aussi de prendre en main Premier. Selon Howard Tate, analyste financier pour la firme Midland Doherty Ltd. de Toronto, "...Premier constitue une acquisition susceptible d'être fort lucrative pour Western ou Rogers étant donné les perspectives de cette compagnie dans la télévision à péage."*

* Le Globe & Mail - Vendredi 28 janvier 1977, p. B4

Il existe aussi présentement, au Canada, certaines formes de télévision à péage dans des immeubles résidentiels. Enfin, certains gouvernements provinciaux planifient déjà la mise en place de systèmes sur leur territoire comme, par exemple, la Saskatchewan.

Le fédéral ne veut pas répéter certaines erreurs passées; il veut planifier et réglementer, dès le début, le développement de la télévision à péage.

2. Les querelles fédérale - provinciales

En matière de communications, le gouvernement fédéral et les provinces s'affrontent souvent, ces derniers exigeant de plus en plus de pouvoir. En effet, en matière de télédistribution et de télévision à péage, plusieurs provinces tentent d'affirmer leur juridiction, par exemple le Manitoba, la Saskatchewan, l'Alberta et le Québec.

Commençons par l'Alberta; dans une lettre du 28 septembre 1976 adressée au ministre fédéral des Communications, le gouvernement albertain affirmait ce qui suit: "la télévision à péage est une juridiction provinciale plutôt que fédérale."

Le gouvernement de la Saskatchewan va plus loin: dans un mémoire intitulé "Cable Television in Saskatchewan" daté du 9 février 1976 et présenté au Conseil de la radiodiffusion et des télécommunications canadiennes, il est dit ce qui suit: "Le principal objectif de la politique du gouvernement de la Saskatchewan est

d'encourager l'aménagement d'un réseau provincial intégré de télécommunications, capable de distribuer toutes les formes de signaux et de services y compris le téléphone, la télévision, des renseignements sur les affaires et des services éducatifs, autant que possible, à un coût raisonnable pour les usagers."

La Saskatchewan veut affirmer son autorité sur la télédistribution et la télévision à péage; il y a d'ailleurs un projet de loi en préparation qui placerait la télédistribution et la télévision à péage sous contrôle exclusif du gouvernement provincial.

Quant au Manitoba, il a conclu une entente avec le gouvernement fédéral, ce qui ajoute un nouvel élément au dossier des querelles fédérale - provinciales. En effet, le ministère fédéral des communications a reconnu au Manitoba Telephone System, qui est un organisme provincial, le droit d'être propriétaire du câble. Cette décision va à l'encontre des politiques du Conseil de la radiodiffusion et des télécommunications canadiennes énoncées jusqu'à ce jour.

En contrepartie, le Manitoba a reconnu que "La réglementation et la surveillance des services de programmation, y compris des services de programmation fournis au Manitoba au moyen des installations ou des appareils de l'organisme, relèvent exclusivement du Canada" (Convention du 10 novembre 1976, entre le gouvernement du Canada et celui du Manitoba).

Il s'agit évidemment d'un compromis; le Manitoba se voit reconnaître le droit d'être propriétaire du câble, et le gouvernement fédéral asseoit sa juridiction quant à la réglementation de la télédistribution et de la télévision à péage.

Pour conclure, on connaît déjà les "guerres du câble" que se sont livrées Québec et Ottawa sous l'ancien gouvernement provincial, et qui viennent d'être reprises par le nouveau. Il en va aussi de même pour la télévision à péage: le Québec affirme aussi sa juridiction sur la télévision à péage. A ce sujet, le ministre des Communications du Québec, M. Louis O'Neil, vient de créer un comité qui étudiera la question et a pour mandat de développer un modèle québécois de télévision à péage.

Si nous avons insisté sur cet aspect des conflits entre le fédéral et les provinces, c'est bien pour démontrer l'importance qu'ils ont eue dans la décision "hâtive" du gouvernement fédéral de procéder arbitrairement au développement de la télévision-à-péage. Il ne semble pas y avoir de demande pour cette technologie en ce moment au Canada.

3. Les pressions économiques

Il y a sûrement des pressions économiques qui s'exercent sur le gouvernement pour que l'on tire le plus rapidement tous les avantages possibles de cette nouvelle source de revenus. Nous n'avons qu'à songer aux interventions répétées des télédistributeurs pour être convaincu que leurs efforts auprès du fédéral ont porté fruit.

L'impact économique qu'aurait la télévision à péage sur le système de radiodiffusion tel qu'il existe actuellement, et le coût réel de la mise sur pied de cette télévision à péage n'ont pas été circonscrits; les mémoires soumis à ce sujet au CRTC sont imprécis. Une étude économique détaillée doit être entreprise en tenant compte de tous les éléments, et non pas uniquement des profits que pourraient réaliser les télédistributeurs.

4. La production canadienne

Nous savons tous que la production canadienne connaît des difficultés majeures, telles que: marché limité, la compétition avec le géant américain, et la solution avancée a été celle qui veut que l'on produise des films de qualité internationale, des séries "vendables" à l'étranger, de sorte que l'industrie canadienne puisse faire ses frais, et même, des profits substantiels.

Les capitaux disponibles sur les marchés financiers sont encore rares au Canada. Les bénéfices de la télévision à péage pourraient insuffler un nouvel arrivage d'argent à cette industrie, et donc, la revitaliser.

On s'est souvent servi de cet argument comme un argument · massu en faveur de la télévision à péage.

Nous croyons que ces quatre motifs constituent l'essentiel des données qui ont poussé le gouvernement fédéral à passer outre aux recommandations du Conseil de la radiodiffusion et des télécommu- nications canadiennes, et à se prononcer en faveur de l'introduction rapide de la télévision à péage au Canada.

B. Objectifs du ministère des Communications

Nous traiterons dans cette partie du mémoire des propositions du gouvernement fédéral. Mme Jeanne Sauvé, ministre fédéral des Communications, lors d'un discours prononcé le 2 juin 1976 au congrès de l'Association canadienne de la télévision par câble, affirmait que l'avènement de la télévision à péage était inévitable et ajoutait qu'elle prierait le Conseil de la radiodiffusion et des télécommunications canadiennes de demander des mémoires "sur le développement structurel de la télévision à péage."

Le ministre fédéral des Communications assignait trois objectifs à la télévision à péage.

Premièrement

Elle doit fournir une gamme de programmes qui ne fasse pas double emploi avec ceux qu'offrent actuellement les radiodiffuseurs, et ce, sans capter les programmes du système de radiodiffusion.

Deuxièmement

Elle doit assurer la production de programmes canadiens de haute qualité que les Canadiens regarderont.

Troisièmement

Elle doit assurer que l'on produise au Canada des programmes pour le marché international.

Ces objectifs ont pour but de protéger les radiodiffuseurs, augmenter le choix des téléspectateurs, tout en insufflant une nouvelle vitalité à la production canadienne.

Premier objectif:

Cet objectif vise à augmenter le choix des téléspectateurs, tout en évitant le siphonage des programmes déjà présentés par les radiodiffuseurs. Suite à cet énoncé, la question qui nous vient immédiatement à l'esprit est la suivante: "Quel sera le contenu de la télévision à péage?"

Dans le domaine des sports, on peut penser, par exemple, à un combat de boxe pour le championnat du monde. Cependant, en ce qui concerne le hockey, le baseball, le football, le tennis, le golf, les jeux olympiques, la coupe Grey ou la coupe Stanley, les matches Canada-Russie... etc ..., ces événements sont déjà présentés par les radiodiffuseurs.

En ce qui concerne les activités culturelles, l'opéra, le ballet, les pièces de théâtre, etc..., elles rejoignent un public restreint; si l'on retenait pour la télévision à péage un mode de facturation au mois, il est certain que ces événements ne seraient pas présentés. Quant aux vedettes du disque et du spectacle, nombreux sont ceux et celles qui participent déjà à des émissions diffusées à la télé conventionnelle.

Il semble déjà acquis que la majeure partie du contenu de la télévision à péage sera constitué de "longs métrages" américains récents, non encore disponibles aux radiodiffuseurs.

En résumant, nous pouvons donc affirmer que l'originalité de la programmation de la télévision à péage repose essentiellement sur la présentation sans interruption commerciale, de films américains récents avec, occasionnellement, une production canadienne utilisée pour compléter la grille horaire.

Cette situation nous confronte au dilemme suivant: permettre et renforcir l'envahissement culturel américain en vue d'obtenir des fonds pour accroître notre production canadienne. On avait appliqué le même raisonnement à la télévision conventionnelle; la diffusion d'émissions américaines devant servir à financer des émissions canadiennes de qualité que les Canadiens regarderaient.

Que s'est-il passé? Les Canadiens regardent de plus en plus les émissions américaines. Cette approche n'a pas eu les effets désirés et la production canadienne ne s'est guère renforcie, faute d'argent.

Et si la télévision à péage voulait présenter autre chose que des films américains, elle devrait utiliser les mêmes programmes, talents, et ressources dont se servent les radiodiffuseurs.

En conclusion, il y a un risque sérieux de "siphonage" qui serait d'ailleurs très difficile à contrôler, et si la programmation de la télévision à péage était faite en grande partie de films U.S. récents, pourquoi introduire un tel système? Les Canadiens, et notre industrie de production n'en bénéficieraient pas; seuls, les promoteurs pourraient en tirer profit.

Deuxième objectif:

Le deuxième objectif stipule que la télévision à péage "doit assurer la production de programmes canadiens de haute qualité que les Canadiens regarderont." Cet objectif n'est pas propre à la télévision à péage et, d'ailleurs, n'est-ce pas, à quelque chose près, le mandat de Radio-Canada? Quand les radiodiffuseurs se présentent devant le Conseil de la radiodiffusion et des télécommunications canadiennes pour le renouvellement de leurs permis, ne retrouve-t-on pas le même objectif dans leurs "promesses de réalisation". De toute façon ces engagements ne sont pas respectés.

Quant à ce que les Canadiens regardent des programmes canadiens, est-ce en présentant une programmation axée essentiellement sur le visionnement de longs métrages américains que nous y réussirons?

Troisième objectif:

Le troisième objectif stipule que l'on produise des programmes pour le marché international.

Nous devons d'abord préciser que les U.S.A. produisent plus de cent (100) longs métrages par année, et ils disposent de moyens financiers infiniment supérieurs aux nôtres. D'autres pays s'intéressent aussi au marché international, par exemple, la France, l'Angleterre, l'Italie, etc...

Les Etats-Unis produisent aussi des milliers d'émissions de télévision chaque année, dont les budgets dépassent souvent les $100,000 dollars.

Cet objectif n'est en réalité qu'un voeu; certaines productions canadiennes connaîtront certainement une vocation internationale. Cependant, il est presque impossible d'entrer en compétition avec le géant américain, alors pourquoi en faire une priorité quand le problème qui se pose de façon urgente est le contenu canadien de nos propres institutions?

IV LA VALSE DES MILLIONS - MISE AU POINT

L'introduction rapide de la télévision à péage tire sa justification ultime du fait que 15% de ses revenus bruts seraient investis dans la production canadienne; l'honorable Mme Jeanne Sauvé a mentionné des revenus possibles de 13.5 millions annuellement pour la production canadienne et PTN Pay Television Network Limited, propriété d'un nombre important de télédistributeurs canadiens met de l'avant les chiffres suivants: des fonds de l'ordre de 30 à 50 millions seraient disponibles au cours des six premières années d'opération.

Ces fonds seraient insuffisants pour accroître de façon substantielle la production canadienne dans les domaines de la télévision et du film; la part du revenu global que l'on prévoit consacrer à la production est en effet minime.

PTN nous fournit aussi d'autres chiffres intéressants: pour chaque $1.20 (i.e. 15% du revenu brut) investi dans la production canadienne, $2.00 (i.e. 25% du revenu brut) seraient utilisés pour acheter du matériel étranger, principalement des U.S.A. PTN a élaboré le projet d'investir ce 15% dans une cinquantaine de productions canadiennes, en fournissant le 1/3 des coûts de production: cependant, on ne mentionne pas où l'on trouvera les 60 à 100 millions supplémentaires - si l'on tient compte du fait que l'on investit présentement 10 à 15 millions annuellement dans le cinéma au Canada, on se demande bien où il trouverait ces sommes.

Certaines conclusions se dégagent déjà: la somme des capitaux "éventuellement" disponibles porte à interprétation - on ne sait d'où proviendraient les argents supplémentaires nécessaires à la réalisation de certains projets, et finalement on investira presque deux fois plus d'argent pour l'achat de matériel étranger que pour la production canadienne.

Nous savons qu'il y a approximativement 3 millions de foyers qui reçoivent leurs signaux de télévision par câble au Canada. Pour générer des revenus de l'ordre de 10 millions par année, pour la production canadienne, (15% du revenu brut), il faudrait qu'un million de Canadiens accepte de payer $5.50 par mois pour la télévision à-péage, en plus de leur abonnement au câble, ce qui est pour le moins optimiste. En effet, le taux de pénétration des foyers abonnés au "câble" devrait être de 33 1/3%.

On peut prévoir que la télédistribution prendra de l'expension, et que les tarifs d'abonnement à la télévision-à-péage seront plus élevés mais il demeure que les hypothèses avancées ne sont que des hypothèses.

De plus, il ne suffit pas d'énumérer les bénéfices que pourrait nous apporter la télévision à-péage, il faut aussi tenir compte des coûts. En effet, si l'on est d'accord que le problème majeur de la radiodiffusion et de la télédistribution en est un de contenu, et que le véhicule majeur du "contenu canadien" demeurera la télévision conventionnelle dans un avenir prévisible, il faut prévoir l'impact de l'introduction de la télévision à-péage sur la radiodiffusion canadienne, et ses effets négatifs.

En effet, à quoi nous servirait de créer une industrie du film rentable, si l'on devait payer le prix d'une télévision conventionnelle plus faible que présentement?

Les mémoires présentés au Conseil de la radiodiffusion et des télécommunications canadiennes ainsi que les déclarations du ministre fédéral des Communications indiquent que les sommes recueillies par la télévision à péage seraient investies dans la production de longs métrages canadiens, du moins en majeure partie; ces sommes iraient aux producteurs indépendants.

NABET ne peut être d'accord avec une approche semblable. Nous croyons que l'introduction de la télévision à péage aura des effets négatifs sur la télévision conventionnelle.

Nous ne disposons pas des instruments nécessaires pour évaluer précisément cet élément, et croyons que des études indépendantes auraient dû être fournies aux différentes parties avant d'entreprendre un débat aussi complexe.

Cependant, il est clair que l'accroissement de la fragmentation de l'auditoire ne peut que provoquer un manque à gagner chez les radiodiffuseurs, ce qui se répercutera nécessairement sur leur capacité de production. Nos membres ont d'ailleurs exprimé leurs inquiétudes face à la viabilité de la radiodiffusion tel que nous la connaissons si l'on introduit un système de télévision à péage.

V LA DEMANDE

Avant de nous imposer la télévision à péage, il faudrait nous démontrer qu'il y a vraiment une demande de la part du public pour cette nouvelle technologie.

Goldford Consultants Limited a préparé une étude de marché pour PTN Pay Television Network [3] et un sondage Gallup [4] concernant la télévision-à péage a été réalisé en décembre 1976.

Le questionnaire de Goldford Consultants Limited s'adressait à des abonnés à une entreprise de télédistribution. On commençait par expliquer aux abonnés que "...la télévision à péage, lorsqu'elle sera disponible, diffusera des longs métrages récents, c'est-à-dire des films produits depuis un an ou deux qui pourraient être projetés dans n'importe quel cinéma ou d'autres programmes de divertissement ou reportages qui ne seraient pas disponibles à la télévision autrement. Il n'y aura pas d'interruption pour la réclame à la télévision à péage."

"Ensuite on a demandé aux répondants, sans mentionner le coût possible de la télévision à péage, s'ils seraient susceptibles de s'abonner lorsque le service deviendra disponible."

3. Présentation au Conseil de la radiodiffusion et des télécommunications canadiennes par le réseau de télévision à-péage PTN, le 1er octobre 1976, Appendice B.

4. Sondage Gallup, 15 janvier 1976, cahier J, page 4

Une première remarque s'impose: le texte explicatif et la façon de poser la question nous semblent biaisés.

"Abonnement possible à la télévision à péage"

Très susceptible	14%
Peut être susceptible	21%
Peu susceptible	25%
Pas susceptible du tout	34%
Ne sait pas	6%
TOTAL	100%

Ces chiffres parlent d'eux-mêmes: ceux qui sont déjà abonnés à un système de télédistribution, i.e. la clientèle visée par la télévision à péage, ne sont pas enthousiastes: seulement 14% démontrent un intérêt marqué. Enfin, notons que les trois dernières catégories, i.e. ceux qui ne sont pas du tout intéressés, ceux qui sont peu intéressés, et ceux qui n'ont pas d'opinion regroupent une large majorité des répondants, c'est-à-dire 65%.

D'ailleurs, à la question "Pourquoi la télévision-à-péage maintenant?", PTN répond..."les Canadiens la réclameront de plus en plus", affirmation nuancée, s'il en est une.

Le sondage Gallup s'adressait à tous les Canadiens, et "...bien que l'on ait passablement parlé de projets de télévision payante dans les media d'information, la majorité des Canadiens, ou bien ne s'y intéressent pas du tout (47 pour cent) ou bien ne s'y

intéressent que très peu (25 pour cent). Seulement 24 pour cent s'y montrent intéressés; 4 pour cent n'ont pas encore adopté d'attitude précise à ce sujet.

La question posée était la suivante:

"On a beaucoup parlé récemment de la télévision payante, c'est-à-dire d'émissions telles la première projection de télé-films, sans interruption de messages publicitaires et pour lesquelles on paierait. Il est peut être assez difficile actuellement de se prononcer sur la valeur d'un tel projet, mais à quel degré y seriez-vous intéressé; beaucoup, passablement, peu ou pas du tout?"

	Très intéressés	Passablement	Peu	Pas du tout	Sans opinion
Dans l'ensemble	8%	16%	25%	47%	4%
Sous-ensembles selon les régions					
Prov. de l'Atlantique	3%	9%	33%	41%	13%
Québec	10%	14%	18%	54%	4%
Ontario	9%	16%	25%	47%	3%
Prov. des Prairies	7%	18%	31%	40%	4%
Colombie-Britannique	6%	22%	29%	40%	3%
Selon l'âge:					
De 18 à 29 ans	13%	19%	24%	41%	3%
De 30 à 49 ans	6%	19%	25%	46%	4%
50 ans ou plus	6%	10%	25%	53%	6%
Selon le sexe:					
Hommes	9%	18%	23%	45%	4%
Femmes	7%	14%	27%	48%	4%

En conclusion, même si ces sondages ne mentionnent pas les coûts d'abonnement qui pourraient être de l'ordre de $100.00 par année, il est évident que le public canadien n'est pas intéressé.

Nous ne croyons pas non plus que parce qu'un petit nombre d'Américains trouve cette technologie intéressante, cela constitue une raison suffisante pour créer un système de télévision à-péage au Canada.

VI CONCLUSION

En conclusion, nous croyons que le débat sur la télévision-à-péage devrait tenir compte de ces trois données importantes:

Y-a-t-il une demande? L'introduction de cette nouvelle technologie augmentera-t-elle le choix des téléspectateurs? La télévision à péage accentuera-t-elle le morcellement de l'auditoire?

1. La demande

Nul n'a démontré à notre satisfaction qu'il existait une demande réelle au Canada pour la télévision à-péage.

Cependant, nous savons très bien qu'une demande ça se crée artificiellement, ça se conditionne, ça se travaille. Les Canadiens ont-ils vraiment besoin de cette nouvelle technologie, plus qu'ils n'ont besoin de tous ces autres gadgets que l'on réussit à leur vendre par des campagnes publicitaires assommantes?

Les Canadiens ont besoin, certes, de meilleures émissions, d'une meilleure programmation, de meilleurs films ! Nous ne croyons cependant pas que la télévision à péage soit la solution "magique" qui répondra à ces besoins.

2. Le choix

Les promoteurs de la télévision à péage chantent sur tous les toits que son introduction augmentera le choix des téléspectateurs. Qu'en est-il vraiment ?

D'abord un système de télévision à péage consomme au moins 8 films par mois, c'est-à-dire, 100 films ou plus par année. Peut-on nous garantir que même Hollywood pourrait nous présenter 100 nouveaux films de qualité, chaque année, à la télévision à péage ?

Quant à la nouveauté, la "Motion Picture Association of Canada" affirme ce qui suit:

> "Il semble que les grands fournisseurs de films à la télévision à péage distribueront les films de huit à douze mois suivant leur première dans les cinémas. Il semble en outre, selon l'expérience américaine, que les longs métrages formeront le gros de la programmation. Compte tenu de ces faits, nous nous interrogeons sur l'avantage pour le public canadien de connaître l'implantation d'un réseau de télévision à péage qui créera seulement une occasion de dépenses additionnelles pour les Canadiens qui devront payer pour un produit qu'ils captent gratuitement à la télévision dans le moment, et dont le seul avantage sera qu'ils pourront le capter six mois plus tôt."

Ajoutons à ce commentaire que certaines vedettes américaines ont des clauses dans leurs contrats qui leur garantissent un pourcentage des revenus du "Box Office", et qui repoussent à 7 ans la date où ce film peut être présenté ailleurs qu'au cinéma.

3. L'impact de la télévision à péage sur la radiodiffusion canadienne

On nous dit que le coût d'introduction de la télévision à péage pourrait être de 100 millions de dollars ou plus, selon le système choisi, et que l'abonné devrait débourser entre 5 et 10 dollars par mois, mais qui a évalué les autres coûts?

Son introduction ne peut qu'aggraver le problème du morcellement de l'auditoire et provoquer un "manque à gagner" des radiodiffuseurs. Cette baisse de revenus provoquera à son tour une baisse de qualité de la télévision conventionnelle. S'il y a baisse de revenus, il y aura moins de production et par conséquent moins de personnel employé en radiodiffusion.

Ces questions sont le reflet de nos inquiétudes fondamentales, et tant que l'on ne nous aura pas répondu convenablement, nous devons nous opposer à la télévision-à péage.

Pour ces raisons, l'Association nationale des employés et techniciens en radiodiffusion s'oppose énergiquement à l'introduction de la télévision à péage au Canada.

VII LA STRUCTURE DE LA TELEVISION A PEAGE

Si le gouvernement décidait de procéder à l'implantation d'un système de télévision à péage, malgré notre opposition, pour les motifs invoqués dans ce mémoire, nous soumettons ce qui suit:

- une société d'Etat devrait administrer la télévision à péage.
- son conseil d'administration devrait être composé d'administrateurs nommés par l'Etat, provenant de la radiodiffusion, publique et privée, de la télédistribution et de l'industrie du film, ainsi que du monde du travail et du public.
- cette société devrait être divisée en deux secteurs distincts: l'un qui voit aux équipements nécessaires et l'opérationnalisation de la télévision à-péage, et l'autre qui s'occupe de la programmation et de la production.
- son objectif premier devrait être de mettre le maximum d'argent possible à la disposition des producteurs canadiens dans le domaine de la télévision et du film.
- ces sommes devraient être réparties équitablement entre les maisons de production indépendantes et les radiodiffuseurs qui ont déjà démontré leur capacité de produire des émissions de haute qualité.

- la programmation de la télévision à péage devrait être à 100% canadienne.

Il faudrait entreprendre, à titre d'essai, un projet échelonné sur une période de 2 ans, pour évaluer tout l'impact de cette nouvelle technologie sur les radiodiffuseurs conventionnels, avant de donner le feu vert à un réseau intégral.

Des critères précis devraient être établis pour éviter le transvasement d'émissions présentées à la télévision conventionnelle, au profit de la télévision à péage.

VIII RECOMMANDATIONS

En résumé:

Nous croyons que la décision du Conseil de la radiodiffusion et des télécommunications canadiennes, de décembre 1975, c'est-à-dire retarder indéfiniment l'introduction de la télévision à péage au Canada, devrait être maintenue.

Des audiences publiques devraient être tenues sur ce sujet, à travers le Canada.

Des études complètes et indépendantes au sujet de la demande, du contenu et de l'impact de la télévision à péage sur le système de radiodiffusion tel que nous le connaissons, devraient être faites et mises à la disposition de tous.

Si un consensus sur l'opportunité d'introduire la télévision à péage se dégageait de ces audiences publiques, nous croyons qu'une société d'Etat devrait être chargée de son implantation.

Les administrateurs de cette société devraient provenir des secteurs de la radiodiffusion, de la télédistribution, du film, du monde du travail et du public en général.

Le contenu de cette télévision devrait être entièrement canadien.

Le maximum des revenus provenant de cette société d'Etat devrait être consacré à la production canadienne, et distribué équitablement entre les maisons de production indépendantes et les radiodiffuseurs qui ont démontré qu'ils sont capables de produire des émissions de haute qualité.

Nous croyons que ces recommandations et ce mémoire vont dans le sens de l'intérêt de la radiodiffusion au Canada et que tout nouvel apport au système actuel devrait avoir comme priorité l'augmentation de la production canadienne et, par conséquent, la diminution de notre dépendance à l'égard de productions étrangères.

Jean Benoit
Président international/NABET
Avril 1977

COMMENT
COMMENTAIRE
N-25

A SUBMISSION TO THE CANADIAN RADIO-TELEVISION AND TELECOMMUNICATIONS COMMISSION ON THE INTRODUCTION OF PAY TELEVISION

THE CANADIAN CABLE TELEVISION ASSOCIATION
ASSOCIATION CANADIENNE DE TELEVISION PAR CABLE

APRIL 15, 1977

The Canadian Cable Television Association/Association Canadienne de Télévision par Câble, welcomes the CRTC's Pay Television announcement of February 3rd, 1977.

The CCTA/ACTC is composed of approximately 300 federally licensed broadcasting undertakings representing more than 3 million cable subscribers or approximately 10 million individual Canadians who have chosen to receive their television signals by cable. More than 100 members of the CCTA/ACTC, on the advice of its Long Range Planning and Policy Committee, joined together to form PTN (Pay Television Network)/RTP (Réseau de télévision à péage). This organization of experienced cable operators, which has been fully endorsed by all members of the CCTA/ACTC, has presented a separate proposal which should serve as a model for Pay TV structure in Canada. PTN/RTP has specifically responded to the questions listed on page 4 and 5 of the CRTC's February announcement from its point of view as the Pay TV agency. We support such responses.

We propose to comment briefly on some of the suggestions advanced by others for Pay TV in the October 1st, 1976 submissions, in our role as <u>exhibitors</u> of a pay cable service. Our comments are grouped into five basic areas.

.../2

(1) The contribution to Canadian production.

(2) The amount of Canadian content.

(3) The means of Pay TV delivery.

(4) Structure of the Pay TV operator.

(5) The timetable for Pay TV introduction into Canada.

1. The Contribution to Canadian Production

The support that was expressed for the need to assist independent Canadian production was strong. It is clear that Pay TV can play a positive role in the Canadian production industry by infusing needed funds from Pay TV revenues. The amount of that infusion is a matter of substantial debate. Organizations or people who stand to benefit directly from such monies clearly want the fund to be as large as possible. We think it important that funds be directed to independent production, that one national organization be responsible for planning how the money is most efficiently used and ensuring that as much as possible of that money is directed to production, rather than to administration. The more organizations involved, in our opinion, the less money will be left for production.

We stress independent Canadian production because one of the prevalent complaints in the briefs is that independent producers have great difficulty in getting their product shown to

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the public. In particular, Canadian movie producers have complained that it is difficult, because of competitive demands of the market place, to get bookings in Canadian movie theatres. Original Canadian film, especially that not produced "in-house" by broadcasting organizations, is relatively rare on private stations and the CBC's performance is not much better. Independent production has other positive elements to it. First, it involves more people in the Canadian production industry and it is hoped a more innovative environment to production. Second, a complaint directed at independent production is that it is not attentive sufficiently to the needs of conventional TV economies - i.e. station breaks, commercial interruptions, etc., placed appropriately in the programming material. The producer groups, on their part, have, in the past, expressed annoyance at the effects all these breaks have on their programming impact. Pay TV clearly precludes the need for breaks in programming thus eliminating the problem. Third, independent production presents a way around the dilemma facing "in-house" production houses for conventional TV where the prospect of conflict of interest over programming and financial priorities is constantly present.

2. The amount of Canadian Content on Pay TV Services

Much comment has been directed to the amount of Canadian programming on the new Pay TV service. It has ranged over wide limits both in terms of minimum percentage and minimum financial

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commitment. In percentage terms, for example, Peter Pearson suggested 100 percent Canadian content; the Council of Canadian Film Makers suggested 60 percent overall and 80 percent in prime time; and the Canadian Broadcasting League suggested a 30 percent minimum immediate Canadian content requirement, raising by 5 percent per year to 50 percent after year five. Other proposals, primarily coming from the producer groups that have much to gain from high Canadian content quotas, were somewhat in-between.

It seems to the CCTA/ACTC that strong efforts at reconciliation of the interest of the producing community and those of the consuming community must be attempted. The Canadian producer must have ready access to a market and have adequate funding to prepare qualitative competitive programming. To accomplish both aims, we need a growing popular service which will result in more revenue. If the system is burdened with over-heavy Canadian content requirements, the system will become substantially unmarketable. That result will lead to no one's benefit - not the producers who need fresh inputs of money, nor the underworked and underpaid Canadian creative community, nor the consumer whose appetite for quality competitive Canadian production has rarely been satisfied.

We suggest that 15 percent of gross revenues is a reasonable contribution to Canadian production for several reasons:

.../5

(1) It guarantees monies going to Canadian production.

(2) As the system grows, so will the amount of the contribution to Canadian production.

(3) As the system grows, the potential for specialized programming for special or minority audiences is available.

(4) If an organization promises only a minimum amount - for example, the Private Telecasters' brief has suggested one million dollars for each of the first three years, when the system grows in that period above estimates no further contribution is envisaged. PTN/RTP by contrast has suggested 15 percent of gross revenues which it estimates over five years will gain Canadian production approximately 80 million dollars.

3. The Means for Pay TV's Delivery

It was welcome news that most submissions suggested cable operators should be delivery agents for Pay TV in Canada. While some indicated it should be a partnership between broadcasting and cable operators, almost all saw the advantage of one local contact point for billing and consumer feedback. Most saw the

.../6

cable operator presently performing a useful positive role. They saw the growth of cable continuing to a point where the "new majority" will become almost a necessity for urban living. This strongly reflected our conviction that the cable industry is a logical means of delivery of Pay TV. It permits the easiest, least inconvenient to the consumer, introduction of Pay TV.. It permits local and regional options on Pay TV to be introduced if they are thought desirable.

Comment was also directed to the CRTC on whether delivery should be per program or per channel. To those who suggest that pay per program gives the consumer the freest choice, we agree. Unless it is a spectrum of choices however, that freedom is illusory. If there is for example, 100 percent Canadian content, the viewer's freedom is sharply curtailed. We would expect in such a situation that few would opt to buy such a service, and then the real loser would be the Canadian production community.

In fact, in the pay per program proposals, if any percentage were set for Canadian content, even 30 percent, we suggest problems of Canadian programs being chosen would arise. Research done in Canada and the U.S. indicates Pay TV consumers want recently released premium programming. To attract consumer choices,

.../7

Canadian programming must be first quality competitive programming. A quota approach tends to defeat such goals. Rather than creating several quality productions, adequately financed, the quota approach moves to produce quantity, often leading to poorly financed formula programming. Placed under similar constraints as conventional broadcasters, if a quota system were introduced, the end result might be substantial fragmentation of the conventional broadcaster's audience for Canadian programming, and almost no selection of Canadian Pay TV programming by the consumer. Therefore, we suggest such a quota approach would harm access of quality Canadian productions to the consumer and harm the Canadian broadcasting system.

Our support for the channel subscription approach for Pay TV is reinforced by our examination of the submissions because:

(1) It gives the consumer the opportunity and freedom to watch as much or as little as he wants each month. It is likely that he will watch more.

(2) It gives Canadian material access to the channel. Following from (1) this may result in more Canadian programming being watched. The chances of watching something that is not high priority in the viewers'

.../8

mind is better if he has already paid for the month, than if he has to pay for each program watched.

(3) It encourages more sampling and attention to the channel. The greater the attention to the channel the more exposure to quality Canadian productions. The Minister of Communications, in a speech to the Canadian Association of Broadcasters in 1976, commented: "We obviously are failing to meet international standards and there is something fundamentally wrong with the Canadian product that not even the lack of money can explain away". Through a per channel subscription, Canadian producers for the first time will have guaranteed access to the Canadian market. Perhaps some of the problems that Madame Sauvé addressed will be remedied under such an approach.

4. The Structure of the Pay TV Operator

We see the Pay TV operator as needing the skills of funding and coordinating the producing community in Canada, of acquiring programming from sources in Canada and outside, of establishing people located across Canada to collect revenue and gather comment

on the system, and to distribute programming from creator to consumer with minimal administrative cost. We see that best done by a national privately funded company. We see no demonstrated need for government funding, especially in this time of government restraint, when others can, and are prepared to do the job.

We think, further, that close contact is required between the producing community, the consuming communities, and the distribution function. The proposal presented by the PTN/RTP blueprints such cooperation and we are convinced that such a proposal should be the model for the Pay TV agency in Canada.

5. The Timetable for Pay TV Introduction into Canada

To those broadcasters and others that counsel delay we disagree. Now is the time to help our creative community and to offer our consumers the widest possible freedom of choice. Those who have attempted to explain the why-not of Pay TV have failed to convince us. The costs of delay far outweigh the benefits. The creative community is waiting for our answer. They have been waiting a long time.

CONSUMERS' ASSOCIATION OF CANADA
ASSOCIATION DES CONSOMMATEURS DU CANADA

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April 15, 1977

Miss Lise Ouimet
Secretary General
Canadian Radio-Television and
Telecommunications Commission
100 Metcalfe St.
Ottawa, Ontario

COMMENT
COMMENTAIRE
#Nb-26

Received by – Reçu par
SECRETARIAT
APR 15 1977
C.R.T.C.

Dear Miss Ouimet:

Under cover of this letter we are delivering two submissions to the Commission concerning: (1) submission on a draft amendment to the CRTC Rules of Procedure further to CRTC Public Announcement dated March 10, 1977. (2) Submission in response to CRTC Notice of Public Hearing dated February 3, 1977 on Pay Television.

I would appreciate it if you would accept delivery of these submissions on behalf of the Commission.

Yours very truly,

Greg Kane

T. Gregory Kane
General Counsel

mjl
Enclosures

CONTAINS RECYCLED DE-INKED FIBRE

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SUBMISSION

TO THE

CANADIAN RADIO-TELEVISION AND TELECOMMUNICATIONS COMMISSION

IN RESPONSE TO

CRTC NOTICE OF PUBLIC HEARING

FEBRUARY 3, 1977

ON

PAY TELEVISION

April 15, 1977

1. This is the third brief within two years in which the Consumers' Association of Canada (hereafter CAC) has made submissions to the Commission with respect to the subject of pay television.

2. The first brief was submitted in May, 1975. Following the receipt of briefs from various parties the Commission convened a public hearing in June, 1975 to entertain oral submissions further to the written briefs. The Commission concluded in December, 1975 that:

> "...it is premature to introduce a comprehensive pay television service into Canada at this time."

3. In October, 1976 CAC submitted a brief in response to a Commission notice issued at the request of the Minister of Communications as articulated in a speech to the Canadian Cable Television Association on June 2, 1976 in the following terms:

> "The establishment of pay television service on a large scale is inevitable...as a result, and in order to encourage you and other interested groups to update the submissions you placed before the CRTC last June - and to comment on what I have said today - I have asked the CRTC to call for and receive submissions from the public until September lst of this year on the structural development of pay TV."

4. On February 3, 1977 the Commission issued a Notice of Public Hearing in which it was announced that a public hearing would be held commencing May 16, 1977 (later changed to May 30, 1977) for the purpose of discussing the matter of pay TV in Canada.

5. In its analysis of the 105 submissions which were received, the Commission set out five basic findings: two of which described the "many submissions" which dealt with the negative aspects and opposition to pay television; one described the confidence expressed by the cable television industry and one finding recognized the necessity of a public hearing. CAC is in agreement with these findings and with the final finding as well which indicated that,

> "Very few submissions addressed the question of the form and function of a pay television agency."

6. While we are pleased to accede to the Commission's request to re-direct our attention to the issue of the form, composition and functions applicable to a pay television agency or agencies to provide programs in English and in French, nevertheless, we do so without resiling in any fashion whatsoever from the position we adopted in our brief of October 1, 1976. Indeed,

the changed circumstances between October, 1976 and April, 1977 add a new urgency to the need to resolve the very serious jurisdictional problems confronting the Commission before considering an issue such as the introduction of a comprehensive pay television service into Canada.

7. In addition to the changed circumstances during this period, we would also refer to new information which has come to our attention and which demonstrates very dramatically the low interest and low level of awareness that Canadians possess concerning pay television. This has been demonstrated in a wide variety of sources such as the sampling that has been done by the Canadian Cable Television Association, a Gallup report, a Skyline Cablevision survey and a study from the Stanford Research Institute. (These are described and analyzed in Appendix A.) As a general conclusion from these studies there appears at best to be only minimal interest in pay television and where interest is shown, it is clearly shown to be a function of increased income and disposable leisure time. It is certainly not indicative of a broadly based acceptance by the public nor does it presage broadly based access to an eventual system.

8. With those comments in mind concerning our brief of October 1, 1976 and the changed circumstances since that time, we will now address the issue of the form, composition and functions applicable to a pay television agency or agencies to provide programs in English and in French. And as a preface to these specific comments, we would refer again to the original frame of reference enunciated by the Minister of Communications in which it was stated that there should be three criteria against which to evaluate the introduction of pay television in Canada, that is,

> "(1) It must provide a range of programming which does not duplicate that now offered by broadcasters, and must do so without siphoning programs from the broadcasting system;
> (2) It must ensure the production of high quality Canadian programs which Canadians will watch;
> (3) It must ensure that programs produced in Canada are available for international sales."

9. We would further point out as a preface to our comments that we did specify certain criteria in our brief of October 1, 1976 that would provide the best administrative structure for a pay television system. That system was described in paragraphs 23-25 at pages 12-13 as follows:

"What can be done? The establishment of a non-governmental body responsible for pay TV on behalf of the public interest would avoid both problems:

look at the figures. It is estimated that with three million cable subscribers in Canada, approximately one million of those will take the additional pay TV service at approximately $8.00 per month (or roughly $100 million per year). Of that, 15% or $15 million could go to a telecommunications industry that will deliver the pay TV signal. The Cable Television Association, the CTV Network, Telesat, the TransCanada Telephone System, CN/CP, or a totally new telecommunications organization could bid for the right to deliver the signal as a common carrier or public utility. The balance, that is $85 million, could then be directed towards creating a Canadian-based software industry. This Canadian-based body could promote activities as divergent as summer workshops for grade school children in animation techniques, all the way to writing, acting and successful completion of first-run feature films.

Only with a massive infusion of funds from pay TV are we likely to generate the high quality Canadian content that will be successful, not only in attracting Canadian viewers, but also in having the potential for international sales. Secondly, there is an onus on the government to engage in activities that will ensure that there is a sufficient technical and professional capacity in the field of broadcasting and communications so that future generations of Canadian viewers will have available to them Canadian television programs of the highest quality. Such a body would facilitate the development of programs and network facilities to carry pay TV programming of both an original and a purchased nature. Furthermore, it would be responsible for conducting research and training in the use and development of video and film techniques. What is vitally important is that the bulk of the revenue generated from pay television, rather than being a threat to and a further fragmentation of the Canadian viewing audience, will in fact enhance and enrich the future of broadcasting in Canada by

> directing its revenues into both the training and production of first rate materials for Canadian as well as, hopefully, international audiences."

10. CAC reiterates the fact that a non-governmental, non-profit organization geared to providing management and expertise for the introduction of a pay television system which is truly in the public interest is a viable criterion against which to measure proposals regarding pay television. In an economic sense it means that the bulk of the revenue (85 per cent) generated should be poured back into Canadian software, and the remainder (15 per cent) should be directed towards the delivery of the signal.

11. In addition, the delivery system must not effectively deny access to a pay television system. If it does, the system would be increasing communication disparities rather than broadening the base of participation in our modern communications system. It is essential that the Commission devise guidelines which will promote the widest possible access to contemporary broadcasting undertakings.

12. What kind and form of pay television programs should the agency provide? Clearly a priority could be established giving educational and public affairs programming precedence,

followed by entertainment and sports, with the expectation that entertainment and sports will cross-subsidize the educational and public affairs broadcasting component. The cross-subsidization should be identifiable and identified.

13. How can a pay television programing agency be supportive of Canadian creative and production resources? This can be accomplished by making sure that production agencies have proper representation on the non-governmental body responsible for pay television. It will only be through meaningful involvement of this type that the programming agency will be supportive.

14. How can such an agency respond to national and regional demands? National demands must take priority. Regional demands will then be met by making certain that the agency achieves the widest possible penetration and access which in turn requires a delivery system that makes the greatest possible use of all delivery systems.

15. Anti-siphoning regulations should vary as a function of category. For educational and public affairs programming there should be no embargo. For entertainment programs,

for example, feature films, a rule similar to that which exists in the United States should apply such that programs newer than three years and older than ten may be purchased for pay TV viewing. The intervening seven years will be reserved for network broadcasting. For sports, a variety of regulations could be devised, however, there are significant sporting events such as the Grey Cup which must not under any circumstances be allowed to be siphoned to a pay TV system. Our concerns in this area are real and we respectfully urge the Commission to read with particular care the brief submitted by the Canadian Football League on August 24, 1976 and discussed by CAC in Appendix B to our brief of October 1, 1976.

16. How should such an agency be structured? The agency should be designed in such a way as to permit adequate representation from the production agencies, the distribution agencies, consumer representatives, and the full-time pay TV management representatives. The agency should be a mixed corporation involving private (for example, carrier and production houses) and public participation on a non-profit basis, realizing of course that profit will be realized by both the carrier as well as the creative resource production and performance related industries. Clearly broadcasters and producers will participate in terms of the software and telecommunications

carriers will have an opportunity, in open competition, to bid for the right to deliver the signal as a common carrier or public utility.

17. The initial capital structure could be formed through an initial debt structure with loans from either the chartered banks or the federal government (or a variation of this with loans from chartered banks guaranteed by the government) over a long-term to be repaid from income derived from the system once it becomes operational. The agency will collect its revenue directly from the consumer and dispense with necessary costs by direct payments to the common carrier and for the software. An initial fee of $8.00 per month per subscriber appears feasible and consistent with other experiences. As we have already indicated, the percentage of revenue to the distributor, that is, common carrier, should be approximately 15 per cent, open to competitive bids, thus, it could in fact be as low as 10 per cent, or as high as 30 per cent, depending upon the competitive bids. In terms of selection of the bids, low cost should not be the sole factor, but other considerations such as the degree of penetration into Canadian communities should be taken into account to ensure that rural and other marginal broadcasting areas are covered.

18. Canadian content requirements should be applied vigorously within the educational and public affairs sector of broadcasting and applied with reason in terms of movie content. It must be an immediately foreseeable goal that Canadian films, subsidized by pay TV revenue, will be an integral part of the pay TV programming. It is expected that their sale in foreign countries will provide additional revenue for the pay TV agency which will in turn be directed to increasing the quality and quantity of software.

19. The percentage of revenue allocated to Canadian programming purchases should be in proportion to the number that can be viewed within a five year period. Over the course of the first five years of pay TV, one could reasonably expect that the Canadian feature films will be utilized. Following that period, the new products that result from the creation in part of the pay TV agency will be marketable.

20. While we are pleased to have provided these comments concerning the questions raised by the Commission in its Notice of Public Hearing dated February 3, 1977, we reiterate that the comments are made subject to our submission to the Commission on pay television dated October 1, 1976.

21 We request the opportunity to make a personal appearance and further oral representations to the Commission at the public hearing commencing May 30, 1977.

ALL OF WHICH IS RESPECTFULLY SUBMITTED.

Greg Kane

T. Gregory Kane
General Counsel
Consumers' Association of Canada
801-251 Laurier Ave. W.
Ottawa, Ontario
K1P 5Z7

Statistical Accuracy of Studies Pertaining to Pay Television

1. The Gallup Report, Wed., Dec. 15, 1976 - Data base: 1,058 Canadian adults, age 18 and over, Margin of error: .4

This stratified random sample of Canadian adults is the closest approximation of the public at large that has been published to date. Therefore, since 47% reported being not at all interested and 25% not too interested, one can safely conclude that indeed pay television is not a burning issue among Canadians. In addition, the bulk of the interest lies with young adults under 30. Since the question concerning pay television was part of the national omnibus for December, 1976, this means that it was only one of a series of questions asked in home interviews, and in fact, could have been biased by preceding questions. For example, had they dealt with the questions relating to movie attendance, television viewing habits, or commercial products, prior to pay-TV, the response could be biased. Yet, despite whatever methodological weaknesses there may be in the interviewing process, the fact remains that the Gallup report is still the most accurate Canadian sample on this subject to date. I might point out that the highest level of interest was in Quebec, followed by Ontario. In terms of occupational breakdown it was primarily sales clerks, followed by professional or executive, followed by labourer in terms of interest.

2. PTN (Pay Television Network, Ltd.) Oct. 1, 1976, entitled The Structuring, the Introduction and Development of Pay Television. Research prepared by Goldfarb Consultants Ltd., August 1976. Goals: to determine what awareness levels are with respect to pay-TV in Metro Toronto among current cable subscribers; to determine what people would like to see on pay TV; and to determine what people would prefer to deal with in subscribing to pay TV and how they would like to pay -- that is, monthly, semi-annually, or yearly. Random sample: 400 cable subscribers interviewed by telephone.

Findings: only 18% claimed to have some knowledge or to be very knowledgeable, compared with 41% saying they had a little knowledge and 41% saying no knowledge at all. Only 23% could describe what pay TV was. Then the respondents were provided a description of pay TV, probably because so few understood what the questions were about. Following the description these are the results: Likelihood of subscribing to pay TV: 1/3 said they would not subscribe, 2/3 said there is some likelihood. Only 14% said they were very likely. This is in light of the fact that they are already talking to cable subscribers and therefore are working with the group that would be most susceptible to accepting

additional service, since they have already indicated an interest, both in terms of viewing habits and financial commitments to accepting the expense involved in cable attachments.

In terms of pricing, the $8.00 versus $6.00 price does not affect results, i.e. people, if they want pay TV, will pay either price. Greater interest among higher income brackets - $20,000 or over. (This condition with Gallup that reported that sales clerks as highest interest group.) In terms of preference, considerable preference for full length movies, documentary films, live sports, and live theatre. Some interest in musical concerts, educational programs, and child-oriented programs. Would postulate that this is an atypical base considering the heavy emphasis on documentary and educational programs, as well as the musical and child-oriented programs, particularly given it was a pay basis. It flies in the face of Neilson, as well as BBM ratings, i.e. people watch on a mass scale high in entertainment, high in violence, high in excitement, almost the inverse of documentary.

Interesting in terms of preferred company to deal with, almost 60% say they don't know, or prefer another company to deal with rather than the cable company. Interesting

indictment, page B9: most say they would like to deal with their present cable company, either because of perceived convenience (26%), or because they have been satisfied with their cable company (26%), i.e. 74% are dissatisfied and see no reason not to continue dealing with them.

3. Analysis of Consumer Demand for Pay Television: Final report, Stanford Research Institute. Prepared for Office of Telecommunications Policy, May, 1975. Abstract: Demand for Pay Cable Television and Broadcast Pay (Subscription Television) is analyzed. Data from current pay cable operations are available studies, plus data from live attendance at spectator events, television viewing, consumer surveys, and early pay TV experiments. An upper bound on current demand is estimated as are upper bounds on subscribership and revenue growth over time. Demand parameters of particular interest in the assessment of economic interaction between pay television and free television are identified and quantified to the extent possible. The future availability of demand data is discussed.

A problem with the report is that it is already dated, given that it was prepared in May, 1975 with most of the data being gathered in the spring of 1975, makes it already two years old, and given the nature of the uncertainty of the demand schedule relative to pay TV the results must be met with caution, although it was labelled as a preliminary study and certainly is the most extensive to date.

Background

Some historical information: 1947 - first television broadcast began. 1950 - FCC authorized a broadcast pay television experiment in New York City. Early 1950's - Los Angeles and Chicago tests. In each test, few subscribers and only two or three month experiments. Zenith Telemeter and Skiatron were the developers in the early years. 1962 - the first STV operation began in Hartford, Conn. Much of the data for this report is from the Hartford experiment. Second experiment - Telemeter's subsidiary, International Telemeter, began an experiment in Etobicoke, Ont. in 1960 and it lasted until 1965, due to poor sales. About 45% of the subscribers took the service but paid only $2.75 per month. The Etobicoke transmission and movie supply was good and the service was solely movies.

Hartford experiment, June 1962. Zenith radio, $3.00 charge. Experiment limited by using UHF. Lacking color capability. Appeal of education programs limited, drawing 2-4% of the audience (conflicts with PTN survey). Third experiment, 1964 - Subscription Television Incorporated, California. Then after a state referendum, forbid pay TV.

Home Box Office commenced operation, Oct. 1972 in Wilkes-Barre, Pa. In 1972 with the FCC approving pay TV approximately 21 pay per channel system and 3 pay per program systems

were in operation and served as the data base for this review. In initial periods the pay per channel system was not uncommon for 25% of all cable subscribers to take pay television during the first month. In some cases it rose to as high as 40%. Yet, within a few months about half the original subscribers were disconnected, i.e. down to somewhere between 12 and 20 per cent. The report noted that seven hours a day television viewing through most of the year, with five hours during the summer, that the pay TV success also experienced the drop in the summer. January to June, the pay TV performance was the highest in terms of subscription, accounted for the fall with the networks beginning their new shows and their best movies up front - reduced demand. The report notes that the consumer surveys on pay television could be unreliable since the respondents are unfamiliar with the concept or product being offered. (Similar to PTN advising respondents about what pay TV actually is.)

Two U.S. studies, one in Reston, Va., and the other sponsored by SRI with a data base in Reston of 275 personal interviews, and for the SRI 523 telephone interviews. It states that earlier consumer surveys have shown that people tend to overstate their willingness to purchase pay television programming. In terms of the surveys,

this is the essential finding. Essentially a high demand for movies, followed by sports and high income tends to dominate those who would use a wide range of pay TV offerings. In terms of ratings, a 20 point rating on the Neilson, which means that 20% of the television sets are tuned into a particular program, is the base line for a prime time series. Movies frequently hover around overall the 20 mark. Therefore, they are very marginal in terms of being able to sustain a serious challenge from pay TV. The authors also point out that in terms of sporting events, concern has been expressed that they tend to be a one-shot, live proposition, and therefore have dissimilarities when compared with movies that put them into a unique category.

Conclusion

The report estimates that pay cable systems will attract roughly 34% of cable subscribers and that by 1985 it will be as high as 60% of cable subscribers and 30% of non-cable subscribers. The report mentions that there may eventually become a problem with adequate software. In terms of pay television's impact upon traditional audience allocation, given the high cost of pay TV, they anticipate only a 3% loss of prime time audience, and even with inexpensive pay TV they still anticipate only 10% audience loss. In dealing with such things

as elasticity of demand and other variables, the report concludes that it will "probably take years before the structure of demand becomes known well. The next three to five years should produce more extensive data and new types of data. These data will allow the time horizons of projections to be expanded and will allow potential economic interactions between pay television and free television to be assessed with much better accuracy than is now possible".

4. Pay Television - A Look at Specials for a Price. Toronto Star, Jan. 1977. Discusses Network One, Inc. President: George Dick. 1,000 residents of Crescent Town apartment, a condominium complex in east-end Toronto. Cost: $3.50 for recent movie, $1.75 for older movies. Also shows soft core pornography. President maintains that pay TV service does not have a major effect on either regular television or theatrical movie attendance. Current cost to Network One is a blue box of $100.00 with no charge, but they anticipate a $12.00 installation fee when they expand to other buildings. Dick does not expect to make a profit until he has reached 5,000 subscribers. Author also notes that Saskatchewan government has already engaged a New York agent to obtain films for its pay television service. Saskatchewan also plans a pay per movie system.

bctv

COMMENT
COMMENTAIRE
1-27

Received by - Reçu par
SECRETARIAT
APR 18 1977

April 13, 1977

Miss Lise Ouimet
Secretary General
Canadian Radio-Television and
Telecommunications Commission
100 Metcalfe Street
Ottawa, Ontario

Dear Miss Ouimet:

Re: Pay-TV

This is in reply to your letter of March 1, 1977 inviting us to make further submissions on the issues enumerated by your Notice CRTC 1977-25.

As we stated in our submission of September 29, 1976, we believe there is no advantage to anyone concerned with the Canadian broadcasting system, whether creators, performers, viewers, broadcasters on cable companies from the introduction of Pay-TV in Canada in the form Pay-TV is commonly presented in other places.

In the event the Commission decides that the introduction of Pay-TV is an appropriate step at this time, then in the opinion of British Columbia Television Broadcasting System Ltd., the only practical method of implementation is that outlined in the supplementary submission from Canada's private television broadcasters to which we have subscribed.

We will be prepared to appear at the Hearing of the Commission on this matter if you so desire.

Yours sincerely,

BRITISH COLUMBIA TELEVISION
BROADCASTING SYSTEM LTD.

J.R. Peters
President

British Columbia Television Broadcasting System Ltd.
Box 4700, Vancouver, B C. V6B 4A3 (604) 299-7272 Telex 043-54784

Canadian Conference on the Arts

Conférence canadienne des Arts

April 21, 1977

Received by - Reçu par
SECRETARIA
APR 21 1977

Lise Ouimet
Secretary-General
Canadian Radio-Television and
Telecommunications Commission
Berger Building
100 Metcalfe Street
OTTAWA, Ontario K1A 0N2

COMMENTS - R. T. C.
COMMENTAIRE
ADD to N-28

Dear Ms. Ouimet:

Further to my letter of April 13, 1977 and our recent conversation, this is to clarify the subject matter of the supplementary brief which the CCA will submit to the CRTC.

In order to respond to issues and certain of the specific areas of concern enumerated in the CRTC announcement titled "Pay-Television" of February 3, 1977 and to support our views, we will refer to a number of issues not directly related to Pay-Television, namely public regulation of the broadcasting system; authorities and structures affecting regulations and objectives with respect to the broadcasting system with its elements.

We will discuss these issues only to the extent that they have direct bearing upon our views concerning Pay-TV. We do not intend to treat these issues in detail. Rather, we will ask that the CRTC itself give consideration to specific aspects of these issues which we feel are very relevant to decisions about Pay-TV. We will argue that decisions respecting the form and function of a Pay-TV agency cannot be formulated without reference to these issues.

Yours sincerely,

John Hobday
[illegible]

JH/ka
cc: Barry Pepler; Elizabeth Lane; Keith McMillan

Canadian Conference of the Arts

Conférence Canadienne des Arts

Patron of the ... His Excellency ... Governor General of Canada

Patron d'honneur Son Excellence le très honorable ... Gouverneur général du Canada

Secretariat 3 Chestnut Street Toronto Ontario M5G 1R3 (416) 598-1840

President Elizabeth Lane

Vice-President ...

Past President ...

Executive Director John Hobday

May 7, 1977.

Attention: Mrs. Aghar,
Acting Associate Secretary-General,
Room 1605,
CRTC,
100 Metcalfe Street,
Ottawa, Ont.
K1A 0N2.

COMMENT
COMMENTAIRE
ADD TO N-28

Dear Mrs. Aghar,

Further to our conversation, I am pleased to enclose a supplementary brief to the Canadian Radio-Television and Telecommunications Commission, which is presented on behalf of our President, Elizabeth Lane and the Board of Governors of the Canadian Conference of the Arts. You will note that we have appended a summary at the end of this brief in order to assist your staff.

A French language translation is being prepared and we expect to have this delivered to you within the next few days.

Am also enclosing a list of the current membership of the Canadian Conference of the Arts for your information.

Should you have any queries regarding the attached, please do not hesitate to contact me.

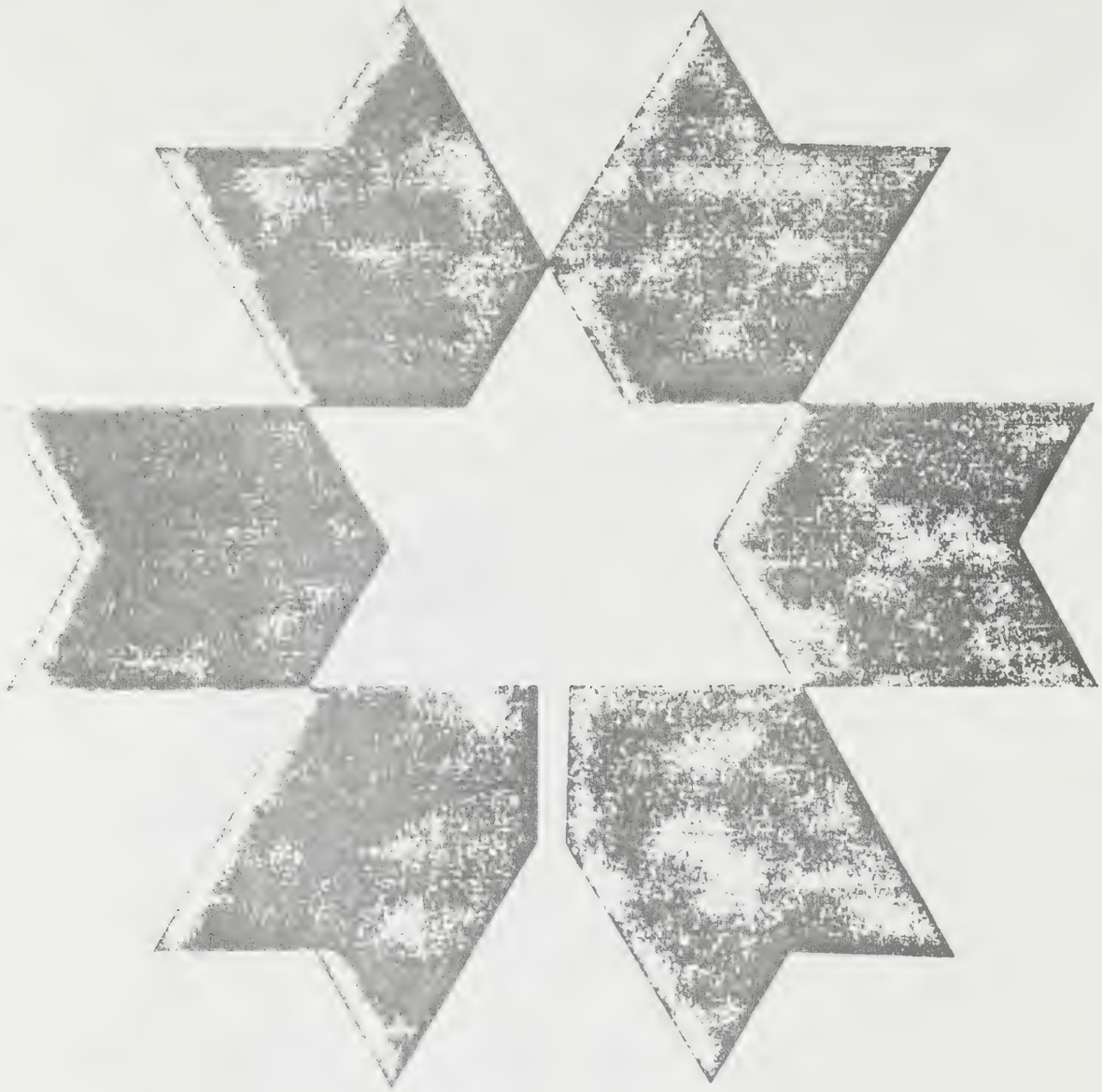
Yours sincerely,

John Hobday
National Director.

cc: Mr. Harry J. Boyle,
Chairman, CRTC.

Canadian
Conference
of the Arts

Conférence
Canadienne
des Arts



SUPPLEMENTARY BRIEF

TO THE

CANADIAN RADIO-TELEVISION AND TELECOMMUNICATIONS COMMISSION

FROM THE

CANADIAN CONFERENCE OF THE ARTS

ON THE SUBJECT OF

PAY-TV

MAY 1977

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Appendix

Summary of Main Points

BACKGROUND

In August, 1976, the Canadian Conference of the Arts submitted an Interim Brief on the Subject of Pay-TV to the CRTC. In that brief, we discussed the role which Canada's broadcasting system should play in support of a healthy, creative artistic life, and we expressed misgivings about present broadcast programming. We commented on the three major objectives proposed for Pay-TV by the Minister of Communications. We questioned approaches to Pay-TV program production and distribution. Because of the complexity of the Pay-TV issue, we deplored the frantic haste being shown by the Minister of Communications. We argued that more time was needed and that public hearings should be held.

In late September, 1976, the CCA contributed to a Letter to the Minister of Communications endorsed by over 200 organizations concerned about the implications of Pay-TV for the Canadian film and broadcasting industries and the musical, theatrical, writing and other creative arts professions. That letter repeated the requests made in our brief. It asked that all decisions regarding the introduction and structure of Pay-TV in Canada be postponed, and it called for public hearings.

CCA believes that a full public discussion of all aspects of Pay-TV in Canada is essential, and we are therefore pleased with your decision to hold a Hearing. We now wish to update our Interim Brief and respond to statements made in your Notice of Public Hearing of February 3, 1977.

INTRODUCTION

The Notice of February 3 states that it is vital to pursue questions about the form and function of a Pay-TV agency. Yet there is clearly great uncertainty about whether Pay-TV should be introduced in Canada, not just at this time but at any time. You report that many submissions expressed "direct opposition to the introduction of Pay Television into Canada at this time" and that they indicated " the potential value of Pay Television would be far outweighed by its negative impact on the present broadcasting system". You report only one group which was "confident that Pay Television could be successful in Canada". Disregarding majority opinion, you doggedly continue to urge that questions about the design of a Pay-TV agency be the focus of discussion.

> In our opinion, it is much too soon to discuss the design of a Pay-TV agency. We believe it is essential to examine a number of basic aspects of the Pay-TV question before beginning public discussion about an agency.

CCA believes there are many good reasons to further consider the value of Pay-TV in Canada. Much has already been said about Pay-TV, its possible impact and benefits to subscribers. However, much of this has been conjecture, and even more has been gobbledygook. There has not been any carefully considered study of Pay-TV as a constructive addition to the existing broadcasting system.

ASPECTS OF PAY-TV

Proposals for a Pay-TV agency involve decisions about each of the following:

a) the relationship between Pay-TV and all existing parts of the Canadian broadcasting system;

b) the objectives for Pay-TV;

c) authorities and structures for regulation;

d) programming and distribution alternatives.

We have concluded that it is impossible for us to develop any position on the form and functions of a Pay-TV agency at this time. We strongly believe that policies must be established before any proposals are made for the implementation of Pay-TV.

CCA believes it would be a serious mistake to consider issues and make decisions only within the context of proposals for a Pay-TV agency. Because of their importance, we ask that all decisions be made openly and explicitly.

RELATIONSHIP BETWEEN PAY-TV AND THE BROADCASTING SYSTEM

A broadcasting policy for Canada, including a set of objectives for the broadcasting system, is provided in the Broadcasting Act. A set of broadcasting objectives are also described in the proposed telecommunications policy, as outlined in Bill C-43. Both the Act and the new Bill prescribe a role for the Canadian Broadcasting Corporation. However, there is considerable disagreement about the interpretation of the CBC's mandate, and it is even harder to determine any agreed-upon objectives for other parts of the broadcasting system.

CCA believes that the desirability of Pay-TV as a component of the Canadian broadcasting system cannot be assessed until there is a very clear understanding of the specific objectives of all components. Once these objectives are defined, there should be an evaluation of the extent to which they are being achieved and, indeed, whether they are in fact achievable. An appropriate role for Pay-TV cannot be defined until this work is done.

> If Pay-TV can meet worthwhile objectives which are beyond the scope of existing components, CCA supports the introduction of Pay-TV in Canada. However, we are firmly opposed to Pay-TV if it is introduced as a surrogate means of making up for the failure of other parts of the broadcasting system.

The broadcasting policy states that, in resolving conflicts between the objectives of the national broadcasting service and the interests of the private element of the Canadian broadcasting system, first consideration should be given to the objectives of the national broadcasting service.

> Should there be conflicts between the objectives of the CBC and the interests of a private Pay-TV alternative, CCA asks that first consideration be given to the CBC.

Whether Pay-TV is public or private, its relationship to the CBC is extremely important. A better understanding of CBC's role, in practice rather than theory, would greatly help intelligent evaluation of Pay-TV alternatives. The current enquiry of the CBC should be useful in this regard. However, a better understanding of the role and effectiveness of other components of the broadcasting system is also needed.

CCA urges the CRTC to extend the terms of reference of its present enquiry or, alternatively, undertake separate study of all components of the broadcasting system. We ask that very specific attention be given to the effects of different kinds of Pay-TV programming.

If introduced, Pay-TV will affect the broadcasting system as a whole as well as each individual component. As a result, the objectives of the present broadcasting policy will need to be interpreted for each existing component as well as for Pay-TV.

OBJECTIVES FOR PAY-TV

As stated in our Interim Brief, we believe that the broadcasting system should support a healthy, creative artistic life by providing opportunities for artistic expression and communication of this expression. We believe that Pay-TV should reinforce certain objectives outlined in the broadcasting policy, particularly that it act to "safeguard, enrich and strengthen the cultural fabric of Canada" and that its programming be "of high standard, using predominantly Canadian creative and other resources". In our opinion, the existing broadcasting system has still failed to meet these particular objectives.

CCA believes that Pay-TV should be introduced as a public element of the broadcasting system and that it should not repeat the "maximum mass audience" programming criteria of commercial television. Pay-TV can and should provide alternatives to present programming. Pay-TV and other components of the broadcasting system should together provide programming which is "varied and comprehensive".

CCA urges that Pay-TV be specifically designed to contribute to the well-being of the Canadian broadcasting industry, the Canadian film industry, and sectors of the Canadian arts industry. It should contribute to the objectives for the broadcasting system and should reinforce objectives for the CBC as outlined in the broadcasting policy.

AUTHORITIES AND STRUCTURES FOR REGULATION OF PAY-TV

The Broadcasting Act states that the objectives of the broadcasting policy can "best" be achieved if the broadcasting system is regulated and supervised by a single independent public authority. We readily admit that what was once considered "best" may not now be best, and we welcome the present discussion about alternative approaches to regulation and supervision of Pay-TV.

CCA would like to know what authority will rest with the federal Minister of Communications, what authority will be assigned to the CRTC, and what authority might be given to another federal agency. We would appreciate clarification of the Secretary of State's responsibilities for Pay-TV. In view of the provisions of Bill C-43, we would also like to know what authorities might be delegated to provincial governments, and under what conditions.

We know something about the authority which some parties would like to have over Pay-TV, but we know very little about what authority others might be willing to accept. In order to make recommendations on the division of authority, more information on the views of all provinces is required.

Of the various aspects of regulation and supervision, CCA is particularly interested in authority for programming content, program production and packaging, anti-siphoning regulations, licensing of program distributors, and ownership of parts of the Pay-TV delivery system. We ask that each aspect be looked at separately.

The Broadcasting Act defines the dual character of Canadian broadcasting. Some parts of the system are private and, for the most part, are by-products of the advertising business; other parts are public and therefore are more specifically responsible to the public and subject to scrutiny by public authorities. In our opinion, Pay-TV's position as a public or private component of the broadcasting system should be decided now. The position given to Pay-TV will affect the extent to which regulations and supervision is acceptable and feasible.

In order to maintain the integrity of the Canadian broadcasting system, CCA believes that authority over Pay-TV must rest with a federal body, at least in certain key respects. In particular, such a federal body should have authority concerning the regulation and supervision of programming content. We believe that public authority for Pay-TV, both at the federal and provincial levels should be exercised through an agency independent of any government of the day.

CCA asks that the full range of alternatives for each aspect of Pay-TV requiring regulation be defined.

We are acutely aware of the political volatility of Pay-TV and we do not wish to under-estimate the political importance of decisions regarding authority. However, we urge that equal importance be given to the cultural implications of alternative patterns of authority for Pay-TV. In the past, the federal government has shown outstanding leadership in the cultural field, and we ask that it do so again now.

PROGRAMMING AND DISTRIBUTION ALTERNATIVES FOR PAY-TV

There are numerous proposals for the programming and distribution of Pay-TV in Canada, but unfortunately few have been evaluated for their feasibility and desirability. Virtually nothing is known about the public's interest in Pay-TV and program preferences. The immediate problem with distribution is the same; we do not yet know enough about alternatives.

CCA asks that research be undertaken to determine the public demand for Pay-TV and the public's receptivity to the range of programming alternatives.

We further urge that all programming and distribution alternatives be examined and assessed in terms of different objectives and roles proposed for Pay-TV.

In our opinion, the two principal aspects of the programming question, content and production, should be considered separately. Decisions about content mix should be made before considering production alternatives.

CCA urges that Pay-TV programming put Canada first and that a significant and escalating proportion of Pay-TV programming be Canadian.

As yet, we cannot know what might be the most feasible approach to Pay-TV program production and packaging. This will depend on what money is available, and estimates are needed of subscriber demand and willingness to pay. If program production and packaging is to be undertaken by public authorities, how might these authorities contribute financially? What might be the role of the CFDC and the NFB?

CCA asks that the private and independent sectors of the broadcasting, film and arts industries be assured opportunities for participation in program production.

Discussion about Pay-TV to date suggests that the approach to distribution of the signal is critical. We most certainly favour a distribution alternative involving minimal investment in hardware. Technologies are changing much too fast to do otherwise.

We want to know whether public control over the delivery system would mean more money for programming and specifically for Canadian production.

CCA asks that a significant percentage of revenues be made available for program production. Fifteen percent, let alone a fixed fifteen percent, is not enough.

We strongly suggest that consideration of distribution alternatives should not be limited to subscription Pay-TV options. We urge that attention be directed to the possibilities of universal Pay-TV.

PERSPECTIVES ON A PAY-TV AGENCY

CCA is confident that a public agency should regulate and supervise Pay-TV content. This agency should have authority over the kind and form of programs. It should define and administer anti-siphoning regulations. It should develop and enforce content quotas. Because Pay-TV will be a component of the Canadian broadcasting system, we believe this regulatory body should be a federal agency, responsible to parliament. In our opinion, these responsibilities could be given to the CRTC.

We advocate public authority over the packaging of programs for Pay-TV. However, we are uncertain about how such authority would be most efficiently and effectively exercised. Authority should be independent of government and also separate from authority for the regulation and supervision of Pay-TV content. To permit the packaging of programs in English and French, and to respond to regional requirements, several packaging units must be established. The feasibility of a principal unit and subsidiary units or a number of autonomous units depends, to a large extent, on the available money. Should two or more autonomous units be developed, provision must be made for their effective interaction.

CCA favours the establishment of a public agency or agencies for program packaging. Its composition must include representation from the broadcasting, film and arts industries.

A public agency immediately suggests the "make or buy" problem of program production. CCA is convinced that the private and independent sectors of the broadcasting, film and arts industries must be guaranteed opportunities for participation in program production and access to Pay-TV audiences.

Distribution of the Pay-TV signal and the allocation of ensuing revenues must be controlled by public authorities. Delegation of authority to provincial governments will certainly affect the form of a public agency or agencies for Pay-TV distribution.

Public authorities regulating distribution and allocation of Pay-TV revenues should be independent of government. They should include representatives of the broadcasting, film and arts industries as well as distributor groups.

You asked whether the design of a program agency could of itself guarantee that Pay-TV will "satisfy the demands of the public, while ensuring positive benefits to the Canadian broadcasting system and the Canadian program production industry". It cannot. If Pay-TV is to enrich the cultural fabric of Canada, we must want it to do so. We must be demanding and imaginative in what we ask of Pay-TV. We must take the time to fully explore its possibilities.

Respectfully submitted on behalf of the Canadian Conference of the Arts.

.....
National Director

Summary of Main Points:-

1) In our opinion, it is much too soon to discuss the design of a Pay-TV agency. We believe it is essential to examine a number of basic aspects of the Pay-TV question before beginning public discussion about an agency.

2) CCA believes it would be a serious mistake to consider issues and make decisions only within the context of proposals for a Pay-TV agency. Because of their importance, we ask that all decisions be made openly and explicitly.

3) If Pay-TV can meet worthwhile objectives which are beyond the scope of existing components, CCA supports the introduction of Pay-TV in Canada. However, we are firmly opposed to Pay-TV if it is introduced as a surrogate means of making up for the failure of other parts of the broadcasting system.

4) Should there be conflicts between the objectives of the CBC and the interests of a private Pay-TV alternative, CCA asks that first consideration be given to the CBC.

5) CCA urges the CRTC to extend the terms of reference of its present enquiry or, alternatively, undertake separate study of all components of the broadcasting system. We ask that very specific attention be given to the effects of different kinds of Pay-TV programming.

6) CCA urges that Pay-TV be specifically designed to contribute to the well-being of the Canadian broadcasting industry, the Canadian film industry, and sectors of the Canadian arts industry. It should contribute to the objectives for the broadcasting system and should reinforce objectives for the CBC as outlined in the broadcasting policy.

7) In order to maintain the integrity of the Canadian broadcasting system, CCA believes that authority over Pay-TV must rest with a federal body, at least in certain key respects. In particular, such a federal body should have authority concerning the regulation and supervision of programming content. We believe that public authority for Pay-TV, both at the federal and provincial levels, should be exercised through an agency independent of any government of the day.

8) CCA asks that the full range of alternatives for each aspect of Pay-TV requiring regulation be defined.

9) CCA asks that research be undertaken to determine the public demand for Pay-TV and the public's receptivity to the range of programming alternatives.

10) We further urge that all programming and distribution alternatives be examined and assessed in terms of different objectives and roles proposed for Pay-TV.

11) CCA urges that Pay-TV programming put Canada first and that a significant and escalating proportion of Pay-TV programming be Canadian.

12) CCA asks that the private and independent sectors of the broadcasting, film and arts industries be assured opportunities for participation in program production.

13) CCA asks that a significant percentage of revenues be made available for program production. Fifteen percent, let alone a fixed fifteen percent, is not enough.

14) We strongly suggest that consideration of distribution alternatives should not be limited to subscription Pay-TV options. We urge that attention be directed to the possibilities of universal Pay-TV.

CCA MEMBERSHIP - May, 1977.

- Atelier de Réalisations Graphiques de Québec
- Les Ballets Jazz Contemporaine
- Centrale d'Artisanat du Québec
- Centre culturel de Shawinigan
- Centre culturel, Université de Sherbrooke
- La Chasse-Galerie
- La Cinémathèque Québécoise
- Le Comité des Arts d'Arvida
- Concours International de Montréal
- Conseil Supérieur du Livre
- La Corporation de la Cité des Jeunesses
- Département d'Arts Visuels et Théâtre, Université d'Ottawa
- Département Histoire de l'art, Université d'Ottawa
- Editions Hurtubise HMH, Ltée
- Famille Arts - UQAM
- Fédération des Associations des Musiciens Educateurs du Québec
- La Fenière (Théâtre d'été) Inc.
- Le Groupe de Danse Entre-Six
- Groupe Nouvelle Aire
- Le Groupe de la Place Royale
- Jeunesses Musicales du/of Canada
- Métiers d'Art du Québec
- Moulin des Arts enr.
- L'Orchestre Symphonique de Montréal
- L'Orchestre Symphonique de Québec
- Pan Art Ltée
- La Régie de la Place des Arts
- La Société des Auteurs et Compositeurs
- "7e Ciel Inc."
- Société Pro Musica du Canada Inc.
- Société des Ecrivains Canadiens
- Le Studio Théâtre
- Théâtre-Action
- Théâtre d'Aujourd'hui
- Théâtre de Marjolaine (1971) Inc.
- Théâtre des Pissenlits
- Théâtre du Rideau Vert
- Théâtre du Trident
- Théâtre International de Montréal
- Les Activités du Collège de Shippigan
- Le Cercle Molière
- Le Collège Sainte-Ann
- Les Productions de l'Etoile Inc.
- Anna Wyman Dance Theatre
- The Arts Club of Vancouver Theatre Society
- Bastion Theatre
- The Burnaby Art Gallery
- Burnaby Arts Council
- Circle Craft Society
- Community Arts Council of Chilliwack
- Community Arts Council of Greater Vancouver
- Community Arts Council of Kamloops
- Community Arts Council of Vancouver
- Contemporary Royale
- The Craftsmen's Association of BC
- Fernie & District Arts Council
- Festival Concert Society
- Kelowna & District Arts Council
- Kitimat Community Arts Council
- Langley Arts Council
- Long Beach Arts Council
- Malaspina College
- North Vancouver Community Arts Council
- Open Space
- Okanagan Mainline Regional Community Arts Council

- Pacific Brass Guild
- Playhouse Theatre Centre of BC
- Prince George & District Community Arts Council
- Shawnigan Lake Summer School of the Arts
- Tamahnous Theatre Workshop Society
- Vancouver Art Gallery
- Vancouver Community College
- Vancouver East Cultural Centre
- Vancouver Film Council
- Vancouver New Music Society
- Vancouver Opera Association
- Vancouver Society for Early Music
- Vancouver Symphony Society
- Vernon Community Arts Council
- Victoria Symphony Society
- Westcoast Actors' Society
- Western Canada Art Association
- Alberta Ballet Company
- Alberta Contemporary Dance Theatre
- Alberta Society of Artists
- Alberta Theatre Projects
- Calgary Philharmonic Society
- Calgary Region Arts Foundation
- Canadian Child and Youth Drama Association
- Dept. of Drama, University of Calgary
- Edmonton Art Gallery
- Edmonton Opera Association
- Glenbow-Alberta Institute
- Northern Light Theatre
- Peter Whyte Foundation
- Southern Alberta Art Gallery
- Southern Alberta Opera Association
- Theatre Calgary
- Theatre 3
- Dept. of Art & Design, Univ. of Alberta
- Dept. of Drama, University of Alberta
- Dept. of Drama, University of Calgary
- Faculty of Fine Arts, University of Calgary
- Battlefords Allied Arts Council
- Canadian Society for Education Through Art, University of Regina
- Organization of Saskatchewan Arts Councils
- Regina Modern Dance Workshop
- Saskatchewan Arts Board
- Saskatoon Public Library, Main Branch
- Saskatoon Union of the Arts
- Dept. of Drama, University of Regina
- Swift Current Allied Arts Council
- Associated Manitoba Festivals
- Brandon Allied Arts Council
- Canadian Art Museums Directors' Organization (CAMDO)
- Contemporary Dancers
- Manitoba Arts Council
- Manitoba Opera Association
- Manitoba School for Theatre & Allied Arts
- Manitoba Theatre Centre
- Manitoba Theatre Workshop
- Rainbow Stage Theatre
- The Royal Winnipeg Ballet
- School of Art, Univ. of Manitoba
- Dept. of English, University of Winnipeg
- Upstairs Gallery
- Winnipeg Folk Festival
- Advisory Committee on the Performing Arts - London, Ont.
- Algoma Arts Festival Association
- Algonquin Regional Library System

- All About Us/Nous Autres, Inc.
- American Federation of Musicians
- Art Conservation Programme, Queen's University
- Art Gallery of Hamilton
- The Art Gallery of Peterborough
- Arts & Communications Counselors
- Arts & Letters Club
- Arts Etobicoke
- Association for Native Development in the Arts
- Association of Canadian Publishers
- Association of Canadian Television & Radio Artists (ACTRA)
- Berandol Music Ltd.
- Brantford Symphony Orchestra Association
- Thistle Theatre, Brock University
- Cambridge Public Library
- Canadian Actors' Equity Association
- Canadian Authors Association
- Canadian Book Publishers Council
- The Canadian Brass
- Canadian Broadcasting Corporation
- Canadian Centre for Films on Art
- The Canadian Composer
- Canadian Crafts Council
- Canadian Eskimo Arts Council
- Canadian Federation of Film Societies
- Canadian Film Institute
- Canadian Filmmakers Distribution Centre
- Canadian Folk Arts Council
- Canadian Guild of Potters
- Canadian League of Composers
- Canadian Mime Theatre
- Canadian Museums Association
- Canadian Music Council
- Canadian Music Educators Association
- Canadian Music Centre
- Canadian National Committee for International Council of Museums
- Canadian Opera Company
- Canadian Parks/Recreation Association
- Canadian Society of Graphic Arts Dept. of Fine Arts, University of Western Ontario
- Canadian Society for Education Through Art, Art Education Dept. F.E.U.T.
- Canadian Society of Painters in Watercolour
- CJRT-FM Inc.
- Columbia Artists Management of Canada Ltd.
- Content Magazine
- Co-ordinated Arts Services
- Cornwall Arts Dev't. Committee
- Council of Canadian Filmmakers
- Council of Drama in Education
- Creation 2
- 15 Dance Laboratories
- Directors Guild of Canada
- Faculty of Fine Arts, York University
- Fanshawe College of Applied Arts & Technology
- Festival Singers of Canada
- La Fondation Touring Players Foundation
- Floyd S. Chalmers Foundation
- Fort Malden Guild of Arts & Crafts
- Frederick Harris Publishing Co. Ltd./Harmuse Publications
- Frog Print Theatre Inc.
- The Gallery/Stratford
- German-Canadian Council for the Arts
- Grey-Bruce Arts Council
- Glenhyrst Arts Council of Brantford

- Guelph Spring Festival
- Hagerman, Jones & Co.
- Hamilton Philharmonic Institute
- Hamilton Place
- Hamilton & Regional Arts Council
- Humber College of Applied Arts & Technology
- Inner City Angels
- Khoisan Artists
- Land of the Young
- Dept. of Cultural Affairs, Laurentian University
- League of Canadian Poets
- Leah Posluns Theatre Company
- London Symphony Orchestra Association
- Magnus Theatre Co. North-West Inc.
- Muskoka Summer Theatre
- National Arts Centre
- National Ballet of Canada
- National Gallery of Canada
- National Museums Corporation
- National Youth Orchestra Association of Canada
- North York Arts Council
- Ontario Association of Art Galleries
- Ontario Capher Dance Committee
- Ontario CCYDA
- Ontario Choral Federation
- Ontario College of Art
- Ontario Crafts Council
- Ontario Film Association
- Ontario Film Institute
- Ontario Museum Association
- Ontario Puppetry Association
- Ontario Science Centre
- Ontario Society for Education Through Art
- Canadian Association of Health Physical Education & Recreation, Vanier City
- Ontario Youtheatre
- Open Studio
- Ottawa Municipal Art Centre
- Press Theatre
- Prison Arts Foundation
- Professional Art Dealers Association of Canada
- Professional Artists of Canada
- Performing Arts Office, Queen's University
- Quinte Arts Council
- Arts Dept., Recreation & Parks, Mississauga
- Royal Architectural Institute of Canada
- Royal Canadian Academy of Arts
- Royal Hamilton College of Music
- Royal Ontario Museum
- Ryerson Polytechnical Institute - Theatre Dept.
- Sarnia Public Library & Art Gallery
- Sault College, East Algoma Campus
- Sculptors' Society of Canada
- Shaw Festival
- Sheridan College School of Design
- Society for Art Publications (Artscanada)
- Performing Arts Dept., Sheridan College of Applied Arts & Tech.
- The Smile Co. (Theatrical Productions)
- Society of Canadian Artists
- Society for Recognition of Canadian Talent
- The Society of Canadian Painter-Etchers and Engravers
- Applied Arts Dept., St. Clair College

- Stratford Shakespearean Festival
- Thames Arts Centre, Chatham, Ont.
- Theatre & Arts Community Centre
- Theatre Canada/DDF
- Theatre London
- Theatre Ontario
- Theatre Plus
- Toronto Arts Productions
- Toronto Dance Theatre
- Toronto Mendelssohn Choir
- Toronto Regional Ballet Company
- The Toronto Symphony
- Toronto Workshop Productions
- The United Stage
- College of Arts, University of Guelph
- Centre for the Arts, University of Waterloo
- Visual Arts Centre of Newcastle
- Visual Arts Ontario
- Whitby Arts Inc.
- Cultural Affairs Committee, Wilfrid Laurier University
- Wilson MacDonald Poetry Society
- Young People's Theatre
- Centaur Foundation for the Performing Arts
- Champlain Regional College
- McGill Chamber Orchestra
- The Montreal Museum of Fine Arts
- National Theatre School
- Pointe Claire Cultural Centre
- Saidye Bronfman Centre of the YMYWHA & MHS
- Society of Film Makers
- St. Francis Theatre Company (Festival Lennoxville)
- Le Théâtre du Pendule-Pendulum Theatre
- Visual Arts Centre/Centre des Arts Visuels
- Board of School Trustees, District 2(Saint John, N.B.
- Fredericton Art Club
- Fredericton Society of Artists
- Maritime Art Association
- Mount Allison University, Faculty of Arts & Sciences
- New Brunswick Craftschool - Hand craft Branch
- New Brunswick Museum
- New Brunswick Youth Orchestra
- Restigouche Art Society
- Saint John Arts Council Inc.
- University of New Brunswick, Arts Dept.
- The Art Gallery & Museum, Mount Saint Vincent University
- Art Gallery of Nova Scotia
- Atlantic Symphony Orchestra
- Atlantic Institute of Education
- Canadian Puppet Festivals
- Dalhousie University Art Gallery
- Dept. of Theatre Dalhousie University
- Music Dept., Dalhousie University
- Neptune Theatre Foundation
- Nova Scotia College of Art & Design
- Theatre Arts Festival International
- Visual Arts of Nova Scotia
- Writers Federation of Nova Scotia
- Confederation Centre of the Arts
- P.E.I. Craftsmen's Council
- Shoestring Theatre
- Art Association of Nfld.& Labrador
- Arts Council for the Province of Nfld
- Memorial University of Newfoundland Film Society
- Memorial University Art Gallery
- Dalhousie Arts Centre

* There are also 786 individual members - List available on request.

Canadian Conference of the Arts

Conférence Canadienne des Arts

Patron of Honour
His Excellency The Right Honourable
Jules Leger, C.C., C.M.M., C.D.
Governor General of Canada

President
Elizabeth Lane

National Director
John Hobday

Patron d'honneur
Son Excellence le très honorable
Jules Léger, C.C., C.M.M., C.D.
Gouverneur général du Canada

Présidente
Elizabeth Lane

Directeur général
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April 21, 1977

Received by - Reçu
SECRETARIAT
APR 27 1977

Lise Ouimet
Secretary-General
Canadian Radio-Television and
Telecommunications Commission
Berger Building
100 Metcalfe Street
OTTAWA, Ontario K1A 0N2

C.R.T.C.
COMMENTAIRE
ADDTON-22

Dear Ms. Ouimet:

Further to my letter of April 13, 1977 and our recent conversation, this is to clarify the subject matter of the supplementary brief which the CCA will submit to the CRTC.

In order to respond to issues and certain of the specific areas of concern enumerated in the CRTC announcement titled "Pay-Television" of February 3, 1977 and to support our views, we will refer to a number of issues not directly related to Pay-Television, namely public regulation of the broadcasting system; authorities and structures affecting regulations and objectives with respect to the broadcasting system with its elements.

We will discuss these issues only to the extent that they have direct bearing upon our views concerning Pay-TV. We do not intend to treat these issues in detail. Rather, we will ask that the CRTC itself give consideration to specific aspects of these issues which we feel are very relevant to decisions about Pay-TV. We will argue that decisions respecting the form and function of a Pay-TV agency cannot be formulated without reference to these issues.

Yours sincerely,

John Hobday
National Director

JH/mc
cc: Harry Boyle; Elizabeth Lane; Keith MacMillan

Canadian Conference of the Arts

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April 13, 1977

Received by – Reçu par
SECRETARIAT

APR 18 1977

C.R.T.C.

COMMENT
COMMENTAIRE
1-28

Lise Ouimet
Secretary-General
Canadian Radio-Television &
Telecommunications Commission
Berger Building
100 Metcalfe Street
OTTAWA, Ontario K1A 0N2

Dear Ms. Ouimet:

Re: Pay-TV

Further to our conversation, this is to advise that the Canadian Conference of the Arts wishes to appear at the hearing commencing on May 30th regarding the issue of Pay-Television. At that time, we shall wish to refer specifically to the interim brief to the CRTC which we submitted in August, 1976 and to comment on a supplementary brief which we anticipate will be sent to you on or about May 8, 1977.

We are presenting the supplementary brief in order to update the brief already filed; in order to respond to issues and certain of the specific areas of concern enumerated in the CRTC announcement titled "Pay-Television" of February 3, 1977; and in order to provide additional information respecting views of the CCA.

The subject matter of the supplementary brief is designed specifically to present views about public regulation of the broadcasting system; authorities and structures affecting regulations; objectives with respect to the broadcasting system and its elements; objectives with respect to Pay-TV; and appropriate mechanisms for the realization of Pay-TV objectives with respect to licensing content and development of programs.

We trust that this information is adequate to insure that the CCA will be

.../.../...

...///...

invited to participate in the hearing. Should you have any queries or comments regarding this, please do not hesitate to contact me.

Yours sincerely,

John Hobday
National Director

JH/mc

cc: Elizabeth Lane
cc: Keith MacMillan

CANADIAN LABOUR CONGRESS. CONGRES DU TRAVAIL DU CANADA

President/Président
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2841 Riverside Drive, Ottawa, Canada (613) 521-3400
Cable/Câble: CANLABCON
Refer to/Référence

COMMENT
COMMENTAIRE
U-29

May 4, 1977

Canadian Radio, Television and
Telecommunications Commission,
Berger Building,
100 Metcalf Street,
Ottawa, Ontario

Dear Madam or Sir:

As promised in our letter of April 15th, I enclose herewith 3 copies of the French version of our submission on the question of Pay T.V.

Sincerely yours,

Bob Baldwin

Bob Baldwin,
Assistant Director,
Research & Legislation
Department

Encl.
opeiu-225

C.R.T.C.

Mémoire

du

Congrès du Travail du Canada

au

Conseil de la radiodiffusion et des télécommunications canadiennes

sur la télévision à péage

Ottawa (Ontario)

15 avril 1977

REDACTION PRELIMINAIRE

Mémoire du Congrès du Travail du Canada au Conseil de la radiodiffusion et des télécommunications sur la télévision à péage

15 avril 1977

En répondant aujourd'hui à l'avis d'audiences publiques du 3 février, c'est la deuxième fois en moins d'un an que nous vous présentons nos vues sur la télévision à péage, comme bien d'autres groupes, du reste. Dans notre mémoire du 28 septembre 1976, nous écrivions:

> A notre avis, la télévision à péage constitue un nouvel élément de la radiodiffusion et du spectacle au Canada. Elément qui peut causer un tort considérable à l'industrie actuelle du spectacle si on le considère comme étant distinct du système interdépendant de la radiodiffusion et du spectacle au Canada. La télévision à péage s'épanouira aux dépens de la télévision "gratuite", des salles de cinéma et de théâtre, des stades et autres lieux publics de divertissement.
>
> Ajouter un nouvel élément à ce système ne peut se justifier que s'il contribue à raffermir les industries interdépendantes de la radiodiffusion et du spectacle.

Nous fondant ensuite sur ce qu'on peut raisonnablement prévoir des effets de la télévision à péage sur les industries actuelles de la radiodiffusion et du spectacle, nous avancions que son avènement affaiblirait ces industries au lieu de les fortifier. Nous concluions donc que la télévision à péage ne devrait pas être mise en place tant qu'il ne serait pas démontré qu'elle peut contribuer à les raffermir.

Le CRTC n'a jamais répondu à ce premier mémoire, et à la vérité, nous ne nous y attendions pas. Cependant, dans son avis public du 3 février, le CRTC se plaint de ce que les mémoires reçus l'automne dernier ne traitaient pas assez spécifiquement de la forme et des fonctions d'un organisme canadien de télévision à péage. Selon le CRTC:

...2

> Bon nombre de mémoires ont mentionné que la valeur potentielle de la télévision à péage serait considérablement affaiblie par ses effets négatifs sur notre système actuel de radiodiffusion. On a dit par exemple que la télévision à péage au Canada diffuserait surtout des longs métrages américains, ce qui profiterait bien peu à la production d'émissions canadiennes. (p. 2)

Etant donné que les arguments de notre premier mémoire suivent une ligne de pensée semblable à celle qui, selon le CRTC, passe à côté de la question, nous nous sentons obligés de défendre la justesse de ces arguments. A l'instar d'autres groupes, nous disons qu'à l'heure actuelle, la télévision à péage n'a aucune fonction bénéfique à remplir au sein de la structure canadienne de la radiodiffusion et du divertissement. Nous avons donc non seulement traité de la fonction de la télévision à péage, mais nous l'avons fait de manière à obvier à la nécessité de nous attarder sur la forme qu'elle devrait prendre.

Nous voulons souligner la pertinence des mémoires présentés jusqu'à présent, y compris le nôtre, parce que, à notre avis, la façon dont le CRTC interprète ce qui doit être débattu au cours des audiences publiques exclut la question primordiale, qui est de savoir si on doit ou non ouvrir la porte à la télévision à péage au Canada à l'heure actuelle. Aux pages 4 et 5 de son avis d'audiences du 3 février, le CRTC énumère un certain nombre de sujets sur lesquels il recommande qu'on lui présente des mémoires. Malheureusement, le choix de ces sujets montre une obsession quant à la forme plutôt qu'à la fonction d'un organisme de télévisions à péage, et semble présupposer l'avènement de cette dernière. Si tous les groupes qui répondent à l'invitation du CRTC se bornent à traiter des sujets proposés, jamais nous n'aurons l'occasion de débattre la question de fond, soit la mise en place même de la télévision à péage au Canada.

Nous jugeons essentiel de débattre publiquement cette question de fond. Et c'est ce que nous avons l'intention de faire. De plus, disons-le nettement, notre point de vue n'a pas changé depuis l'automne dernier. Nous ne croyons pas qu'à l'heure actuelle, la télévision à péage puisse jouer un rôle bénéfique dans le système canadien de radiodiffusion.

...3

Ce jugement se fonde sur deux grandes préoccupations. Premièrement, le fait que l'article 3 de la Loi sur la radiodiffusion établit une politique canadienne de la radiodiffusion qui doit servir de ligne directrice dans le débat actuel. En voici le paragraphe b):

> ... le système de la radiodiffusion canadienne devrait être possédé et contrôlé effectivement par des Canadiens de façon à sauvegarder, enrichir et raffermir la structure culturelle, politique, sociale et économique du Canada;

Pour nous, cet élément de la politique canadienne de la radiodiffusion a des implications particulièrement importantes. Car, même si la Loi dit que le système de radiodiffusion doit appartenir aux Canadiens et être régi par eux si l'on veut atteindre les objectifs mentionnés au paragraphe 3(b), la réalisation de ces objectifs exige aussi nécessairement une industrie canadienne du spectacle qui soit viable. La chose peut ne pas paraître évidente. Mais nous sommes certains qu'un moment de réflexion suffira pour constater que ni Hollywood ni New York - ni encore moins le Kentucky - n'ont produit grand-chose qui puisse "sauvegarder, enrichir et raffermir la structure culturelle, politique, sociale et économique du Canada". En d'autres termes, pour que se réalisent les objectifs de la Loi sur la radiodiffusion, non seulement devons-nous posséder et régir notre système de radiodiffusion, mais il nous faut aussi nécessairement des productions canadiennes. Cela veut dire qu'il faut des écrivains, compositeurs, acteurs ou actrices, caméramans, désigners-ensembliers, chanteurs et musiciens, directeurs et chefs d'orchestre canadiens -- en vérité, toutes les personnes qui forment la communauté artistique sont nécessaires à la réalisation des objectifs de la Loi sur la radiodiffusion.

Notre deuxième préoccupation à l'heure actuelle (et deuxième raison pour laquelle nous nous opposons à la télévision à péage), c'est l'interdépendance des divers éléments du spectacle et de la radiodiffusion. La chose est particulièrement évidente du point de vue des artistes. L'industrie de la radiodiffusion dépend encore largement de celle du spectacle en salles pour ses artistes, et ceux-ci se produisent alternativement et régulièrement dans l'une et dans l'autre. Il découle de cette interdépendance que la vigueur de la production radiodiffusée au Canada repose préalablement sur une industrie

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canadienne du spectacle qui soit elle aussi vigoureuse. A cause de cette interdépendance, il faut considérer le double impact de la télévision à péage premièrement sur la production radiodiffusée et deuxièmement sur l'industrie du spectacle en salles, laquelle fournit à la radiodiffusion bon nombre de ses artistes. Cette dernière exigence est particulièrement importante lorsqu'il s'agit de déterminer si la télévision à péage est souhaitable comme moyen de diffuser divers genres de spectacles de théâtre et de musique.

En conclusion de ce qui précède, nous affirmons que la vigueur de la production radiodiffusée et de l'industrie du spectacle est essentielle à la réalisation des objectifs du système canadien de radiodiffusion tels qu'ils sont énoncés dans la Loi sur la radiodiffusion. Et qui plus est, nous voyons dans la mise en place de la télévision à péage une menace directe tant pour l'industrie de la radiodiffusion que pour celle du spectacle en salles, et donc une force susceptible de contrecarrer les objectifs de la Loi.

Pour expliquer notre argument que la télévision à péage aurait les effets négatifs ci-haut mentionnés, on peut recourir à l'une ou à l'autre des méthodes suivantes: d'une part, on peut débattre la question théoriquement et essayer de prévoir les ramifications logiques de la mise en place de la télévision à péage sur l'industrie de la radiodiffusion et sur celle du spectacle. D'autre part, on peut adopter une méthode plus empirique, qui consiste à nous demander quelles grandes forces appuient la télévision à péage; comment ces forces sont-elles susceptibles de modeler la télévision à péage si jamais elle advient; et qu'en résulterait-il vraisemblablement sur l'industrie actuelle de la radiodiffusion? La première approche peut satisfaire les esprits rationalistes, mais la seconde est plus susceptible de nous montrer quelle sera la tournure des événements si la télévision à péage se réalise. C'est pourquoi nous commençons par la deuxième approche.

Nous ne révélons pas un secret en disant que les câblodistributeurs et exploitants d'antennes communautaires sont les principaux promoteurs de la télévision à péage. Ils font valoir leur volonté de participer à sa mise en oeuvre en se fondant sur le fait qu'ils ont déjà les instal-

lations voulues. De plus, ils y participeraient soit à titre de propriétaires et dirigeants des installations et de la programmation, soit en louant leurs installations à un organisme de télévision à péage auquel ils participeraient avec d'autres intéressés. L'Association canadienne de télévision par câble s'est officiellement prononcée en faveur de la seconde option et a proposé l'établissement d'une compagnie de programmation de la télévision à péage, qui serait constituée de représentants de tous les secteurs de la communauté canadienne de la radiodiffusion ainsi que de l'industrie de la production. Est-il besoin de dire que L'Association de télévision par câble s'estime partie intégrante de la communauté en question?

A première vue, le mode de participation des câblodistributeurs prôné par leur Association peut sembler diminuer leur intérêt commercial immédiat quant aux possibilités de mise en marché de la programmation de la télévision à péage, mais comme ils proposent des frais de location fondés sur un pourcentage des recettes brutes, il devrait être évident que la teneur des émissions demeure très importante pour eux, quel que soit leur mode de participation. Implicitement, l'Association de télévision par câble le reconnaît quand elle décrit son rôle dans le réseau qu'elle propose. Voici par exemple comment M. Colin D. Watson, président de RTP (Réseau de télévision à péage) explique, dans un récent numéro de Pay TV, le point de vue des câblodistributeurs:

> L'industrie du câble estime qu'elle doit avoir une voix importante au chapitre pour deux raisons:
>
> 1. C'est elle qui risquerait tous les capitaux; du simple point de vue pratique, elle ne saurait donc être sans influence à l'égard des affaires d'un monopole de programmation avec lequel elle devrait traiter pour obtenir ses produits.
>
> 2. Elle a intérêt à s'assurer que les décisions sur l'achat des produits, surtout les produits canadiens, sont fondées uniquement sur le critère d'excellence en matière de création, et sur l'acceptabilité par le marché.

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Aucun euphémisme ne peut cacher le fait que, du point de vue des câblodistributeurs, la télévision à péage est une aventure commerciale. Et si on institue la télévision à péage sur ce pied, on ne peut douter que les émissions offertes seront "vendables". Or, l'Association de télévision par câble a des idées bien nettes sur ce qui se vend.

Dans les premiers paragraphes de l'article ci-haut mentionné, Watson énumère avec enthousiasme quelques aspects du potentiel alléchant de la télévision à péage. Selon lui, elle pourrait offrir un certain nombre de canaux "facultatifs":

> On pourrait, à volonté s'abonner à un service de films ou de pièces de théâtre. Ou encore à un service de documents de recherche, ou à des cours universitaires reconnus, que les téléspectateurs suivraient à domicile sur le petit écran. En vérité, une très grande diversité d'émissions payantes pourrait être offertes au choix des abonnés.

Malheureusement, dans la première page de son article, M. Watson n'a pu éviter de mentionner l'expérience américaine en ce domaine:

> Jusqu'à présent, les primeurs du cinéma américain sont les seules émissions dont le succès demeure constant. Viennent ensuite les émissions sportives en direct.

Et il continue plus loin:

> Les téléspectateurs canadiens sont très portés vers la programmation de style américain; du point de vue de la mise en marché, on peut probablement conclure que ce qui réussit aux Etats-Unis réussira aussi au Canada.

On peut difficilement éviter de conclure que l'Association de télévision par câble envisage les films américains et le sport en direct comme plats dominants au menu de la télévision à péage.

Cette perspective est très décourageante. Dans la structure actuelle de la télévision, les émissions sportives prennent tellement de place qu'il est difficile d'imaginer quels événements sportifs pourraient être diffusés par la télévision à péage sans le siphonage d'émissions provenant des canaux actuels

"gratuits". Et pour ce qui est des films, l'état de l'industrie cinématographique canadienne nous fait conclure que la télévision à péage, pour montrer beaucoup de longs métrages, devrait augmenter nos importations de films étrangers, particulièrement américains. Est-il besoin d'ajouter que nous n'avons nullement besoin de créer un nouveau marché canadien du film américain pour "sauvegarder, enrichir et raffermir la structure culturelle, politique, sociale et économique du Canada".

On peut nous objecter qu'en portant notre attention sur la position des exploitants de la câblodiffusion, nous rétrécissons trop le champ du débat. Comparativement aux multiples facettes possibles de la télévision à péage, c'est sans doute vrai. Néanmoins, deux grands arguments militent en faveur de notre approche. D'une part, c'est que dans l'état actuel des choses, les câblodistributeurs sont les principaux promoteurs de la télévision à péage, et qu'ils sont et demeureront la force principale d'influence sur la nature de la télévision à péage au Canada jusqu'à ce que d'autres forces entrent en jeu. Notre deuxième argument est moins variable. C'est que, quel que soit le rôle des câblodistributeurs, si la télévision à péage doit fonctionner sur une base commerciale, on pourra difficilement éviter d'arriver aux mêmes conclusions qu'eux quant à ce qui est "vendable". En d'autres termes, même si les câblodistributeurs n'avaient rien à voir dans un réseau commercial de télévision à péage, celle-ci devrait présenter une programmation principalement alimentée par les longs métrages américains et les événements sportifs.

Quelle que soit sa structure, la télévision à péage fondée sur une base commerciale recherchera les profits et donc inévitablement un auditoire le plus nombreux possible. Si on permet à la télévision à péage de se développer en parallèle aux industries établies de la radiodiffusion et du spectacle, nous croyons que leurs auditoires actuels diminueront en conséquence. L'amenuisement des audiences signifie la diminution des recettes et en conséquence un affaiblissement de la production radiodiffusée et de l'industrie du spectacle au Canada. Non seulement la télévision à péage commerciale fragmenterait-elle encore davantage les auditoires actuels, mais les exploi-

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tants ne pourront manquer de voir la rentabilité du siphonage des émissions télévisées les plus populaires. En d'autres termes, si les exploitants de la télévision à péage constatent que les joutes de hockey de la Coupe Stanley sont populaires dans le réseau actuel, ils en viendront nécessairement à vouloir les incorporer à leur horaire et donc à les éliminer des canaux actuels gratuits. S'ils y réussissent, les téléspectateurs devront "mettre de l'argent dans le compteur" pour chaque émission qu'ils captaient jusque-là gratuitement, et l'industrie actuelle de la radiodiffusion perdra certaines de ses sources de revenu les plus lucratives. Et les effets sur la production radiodiffusée seront aussi nocifs que la fragmentation des auditoires.

Selon nous, les problèmes de fragmentation et de siphonage ne se prêteraient pas facilement à la réglementation, surtout si la télévision à péage s'instaure sur une base commerciale. Nonobstant les allégations de l'Association de télévision par câble concernant l'expérience américaine, il nous paraît inconcevable qu'une mise en place généralisée de la télévision à péage puisse se faire sans enlever des auditoires aux media actuels de radiodiffusion et aux salles de spectacles. Il faut donc demander aux promoteurs de la télévision à péage de nous prouver non seulement que les heures d'écoute de la télévision gratuite ne diminueront pas mais que les salles de spectacle n'en souffriront pas non plus. Quant au siphonage des émissions actuelles de télévision gratuite, on peut édicter des règlements pour l'empêcher, mais il est difficile d'imaginer une méthode efficace pour empêcher le siphonage d'émissions qui ne sont pas présentement offertes. En d'autres termes, on peut empêcher par règlements le siphonage d'émissions telles que les joutes de la Coupe Stanley, mais la chose devient beaucoup plus ardue lorsqu'il s'agit d'empêcher un réseau commercial de télévision à péage d'acheter le droit canadien exclusif de diffuser les futures Olympiades, ce qui aurait pour effet d'en priver les autres réseaux. Ce genre de réglementation donnerait lieu, de la part des exploitants de la télévision à péage et de ceux qui vendent ces droits, à des pressions inimaginables en vue d'amener les autorités publiques à lever les restrictions en chaque cas particulier. En outre, les exploitants de la télévision à péage

recevraient l'appui des secteurs du public qui considéreraient que si on permet la télévision commerciale à péage, on ne doit pas la réglementer au point d'affaiblir injustement sa position concurrentielle quant aux recettes du domaine du divertissement. Considérant le changement d'attitude du CRTC sur la télévision à péage ces deux dernières années, nous sommes forcés d'être plutôt pessimistes sur la capacité de résistance des organismes gouvernementaux de réglementation devant des pressions de ce genre.

Nos objections à la télévision à péage se fondent sur la supposition qu'elle sera commerciale. Mais nous savons, bien entendu, qu'elle peut prendre bon nombre de formes différentes, y compris diverses combinaisons d'entreprises commerciales et non commerciales à un stade ou à l'autre. Nous avons déjà démontré que la commercialisation complète d'une partie quelconque du système -- et même le fait apparemment inoffensif de fournir les installations au niveau local -- pourrait conduire ultimement aux problèmes de fragmentation et de siphonage déjà décrits. Et nous voulons ajouter ici deux autres arguments. Premièrement, nous sommes considérablement sceptiques devant des propositions selon lesquelles un réseau commercial de télévision à péage subventionnerait bénévolement des productions artistiques canadiennes. Deuxièmement, bien qu'il soit possible d'établir un système de télévision à péage absolument non commercial, cela devrait se faire sous l'égide gouvernementale et nous ne croyons pas que ce réseau soit nécessaire ni souhaitable étant donné le rôle que joue déjà Radio-Canada dans notre système de radiodiffusion.

Notre scepticisme devant la proposition d'un réseau commercial de télévision à péage qui subventionnerait des activités artistiques canadiennes tient d'une part à ce que nous craignons que les intérêts financiers susceptibles de participer à la télévision à péage finiraient par constater que leur volonté de subventionnement se lasse vite. Ici, nous songeons amèrement au peu d'encouragement donné par les câblodistributeurs et les radiodiffuseurs canadiens aux productions canadiennes. Malheureusement, les réseaux et stations ont présenté leurs chiffres au public de façon à ce qu'il soit presque impos-

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sible de déterminer quelle est la proportion de leurs dépenses en productions canadiennes par rapport à leurs importations d'émissions étrangères. Quoi qu'il en soit, et à partir d'estimations grossières, nous admettrons que les radiodiffuseurs ont dépensé deux fois plus en productions canadiennes qu'en importations. Mais il reste à noter avec chagrin qu'en 1975-76 ils ont dépensé plus de $40 millions en importations. Le cas des câblodistributeurs est frappant. Sur des revenus globaux de presque $107 millions en 1973, ils n'ont consacré que $1.6 million à la création d'émissions. Pendant toutes ces années, ils auraient pu prouver leur intérêt pour les productions artistiques canadiennes, mais ils ne l'ont pas fait. Voilà pourquoi nous acceptons difficilement leur argument actuel selon lequel le réseau de télévision à péage subventionnerait les productions canadiennes; sans doute veut-on atténuer la menace que fait planer cette proposition sur les domaines du spectacle et de la production radiodiffusée. Etant donné leur passé, nous craignons que si on permet aux radiodiffuseurs et câblodistributeurs canadiens d'établir un réseau commercial de télévision à péage en pensant qu'ils subventionneront les productions canadiennnes, ils s'aperçoivent vite que c'est là un fardeau financier qu'ils ne veulent pas porter bien longtemps.

Notre autre source de scepticisme concernant ces subventions se rapporte à leur réalité en termes monétaires. Le fait même qu'on ait proposé un subventionnement confirme notre inquiétude primordiale, à savoir que la télévision à péage enlèvera des fonds à la production télédiffusée et aux salles de spectacle. Autrement dit, le subventionnement est proposé en compensation. N'empêche qu'à l'heure actuelle, nous n'avons vu nulle part d'estimations comparatives des montants des futures subventions et des pertes financières que subiront la production radiodiffusée et les salles de spectacle. A notre avis, le CRTC a l'obligation de s'assurer que ce genre de tableau estimatif soit dressé et soumis à l'examen public avant qu'on permette à la télévision à péage de devenir fait établi au Canada. A supposer qu'un système commercial de télévision à péage assorti d'un régime de subventions soit financièrement bénéfique pour la communauté artistique du Canada, nous ne comprenons pas pourquoi on ne l'a pas encore démontré de

façon convaincante. On comprendra que nous soyons très sceptiques sur les prétendus avantages.

Nous mentionnions plus haut l'autre choix possible, celui d'un système non commercial. S'il s'agit d'un réseau d'Etat, nous sommes d'accord avec ceux qui le préconisent, mais dans la mesure où nous croyons qu'il ne serait pas aussi fortement poussé qu'un réseau commercial à se disputer les auditoires des régimes actuels de radiodiffusion et du spectacle. Nous reconnaissons aussi les bonnes intentions de bien des promoteurs de la télévision publique à péage. Ils y voient un moyen de mettre à la disposition de tout le pays des activités culturelles qui sont présentement surtout accessibles aux moyennes et grandes villes canadiennes. Mais la proposition n'en a pas moins deux points faibles.

Pour commencer par le moindre, disons que la proposition semble ne pas toujours tenir compte des réalités économiques de certains aspects de l'industrie du spectacle en salles qui pourraient en subir le contrecoup. Même en présumant que la télévision publique à péage s'appliquerait principalement à diffuser des réalisations artistiques canadiennes, elle n'en aurait pas moins des effets économiques négatifs sur certaines activités artistiques. Prenons par exemple le ballet et l'opéra: les grandes compagnies canadiennes comptent sur leurs tournées annuelles pour une partie substantielle de leurs revenus. La télévision à péage présenterait aux Canadiens le choix d'en voir les productions à domicile plutôt qu'en salles lors des tournées, et les conséquences financières seraient graves pour ces compagnies. Même chose pour les orchestres symphoniques. Nombreuses sont les villes du pays qui ont beaucoup de peine à maintenir un orchestre en vie. Si les citoyens de ces villes ont le choix d'écouter chez eux les concerts des plus grands orchestres canadiens, sans parler des grands orchestres étrangers, il n'y aura plus d'avenir pour les groupes symphoniques locaux. Il est fort louable de rechercher la perfection artistique selon les normes internationales, mais ce serait faire preuve de courte vue que de se réjouir d'une disparition des symphonies locales provoquée par la télévision à péage. Nous soulignons ces possibilités de graves problèmes

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économiques non parce qu'elles découleraient nécessairement de la mise en place d'un réseau public de télévision à péage, mais parce que leur éventualité n'a pas été suffisamment examinée par certains promoteurs de ce réseau, qui y voient le moyen d'accroître l'accès aux productions artistiques. En principe, on pourrait les prévenir par des études sérieuses sur l'impact économique de la programmation artistique d'un réseau public de télévision à péage.

La question fondamentale à poser aux promoteurs d'un réseau public de télévision à péage est celle-ci: pourquoi un tel réseau alors que Radio-Canada offre déjà un service "gratuit" et très étendu? S'il est des productions artistiques qui doivent être diffusées par un organisme public, c'est qu'en vertu d'une certaine définition, elles sont considérées bonnes pour le public canadien. Dans ce cas, il nous paraît incompréhensible qu'elles ne soient pas diffusées par la télévision "gratuite". Autrement dit, considérant que nous avons Radio-Canada qui offre des services gratuits, réclamer qu'une autre société d'Etat fasse payer chaque oeuvre diffusée revient à accorder une importance de principe au paiement lui-même. Nous ne saurions accepter que ce principe devienne une règle à suivre par les organismes d'Etat. Le principe d'honoraires ou de contributions pour services rendus rend toujours ces derniers plus accessibles aux riches qu'aux pauvres. Nous croyons que les services publics tels que la radiodiffusion doivent bénéficier à tous les Canadiens, et non au détriment des plus pauvres. C'est pourquoi selon nous un réseau public de télévision à péage n'a aucune raison d'être puisque nous avons Radio-Canada. Et même si ce réseau public menace beaucoup moins qu'un système commercial les industries actuelles de la radiodiffusion et du spectacle.

Notre opposition à un réseau commercial de télévision à péage repose sur un autre argument important, à savoir que certains grands secteurs de la radiodiffusion et du spectacle sont déjà dans une situation financière précaire. Les compagnies théâtrales, symphoniques, de ballet et d'opéra sont presque toutes subventionnées et elles éprouvent quand

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même d'énormes difficultés à éviter un lourd endettement. Problème qui perdure malgré les salaires scandaleusement maigres qu'on y paye. Une étude effectuée pour le Conseil des Arts a révélé que le revenu moyen des danseurs, comédiens et musiciens n'était que de $5,400 en 1971. En 1975, plus de 73% des artistes du ballet, de l'opéra et du théâtre visés par les conventions syndicales ont gagné moins de $5,000! Heureusement que bon nombre d'entre eux pouvaient augmenter leurs revenus en se produisant à la radio ou à la télévision. Les chiffres n'en révèlent pas moins qu'il est déjà difficile de gagner sa vie dans les salles de spectacle.

Produire pour la télévision pose des problèmes économiques quelque peu différents. Ici, la difficulté principale c'est qu'il en coûte moins cher aux radiodiffuseurs canadiens d'importer des émissions américaines que de produire au pays. Selon un document du service de la recherche du CRTC, il en coûte généralement environ $2,000 pour importer une demi-heure d'une émission américaine populaire tandis que la même demi-heure produite au Canada coûterait ce qui suit, selon le genre d'émission:

Spectacle de variétés	$15,000
Anthologie musicale	20,000
Téléthéâtre	30,000
Long métrage	65,000
Affaires publiques	15,000
Documentaire	20,000
Danse	8,500

Non seulement les productions canadiennes coûtent plus cher mais les émissions d'aventure, les drames psychologiques et les comédies de provenance américaine attirent des auditoires plus nombreux et plus de recettes que la plupart des émissions canadiennes. D'où l'impératif - commercial - d'importer au lieu de produire. Il s'ensuit que les réseaux privés diffusent autant de productions importées que possible tandis que la propension de Radio-Canada à diffuser des produits importés n'est endiguée que par la liberté dont elle

jouit à l'égard des simples considérations commerciales. La popularité des émissions américaines est révélée par le fait qu'en certaines régions, les réseaux canadiens reprennent plus des deux tiers des émissions diffusées aux heures de pointe par les chaînes américaines.

Le peu d'attrait financier qu'ont des productions de chez nous s'est accentué ces dernières années avec l'avènement de la câblodistribution. Celle-ci a contribué à renforcer davantage le modèle américain à grand budget si difficile à produire au Canada étant donné les coûts de production et le marché canadien plus restreint. La câblodistribution a également diminué les auditoires des radiodiffuseurs canadiens, ce qui n'a réussi qu'à rendre encore moins rentable la distribution chez nous des productions de chez nous. En outre, comme nous le disions plus haut, les câblodistributeurs ne se sont guère montrés enclins à encourager notre industrie à leurs frais. Les facteurs combinés du câble et de l'importation des produits américains par les réseaux canadiens a provoqué des situations telles que celle de Toronto où, vers la fin de 1974, les huit grandes stations à très haute fréquence présentaient seulement 25% de leur programmation en créations canadiennes.

Etant donné les problèmes financiers des industries de la radiodiffusion et du spectacle en salles, nous estimons que le gouvernement canadien doit maintenant tâcher de les consolider et non de les affaiblir. Elles ont beaucoup à contribuer à la vie sociale, culturelle et politique du Canada, potentiel amplement démontré par le fait que les Canadiens regardent en moyenne 23 heures de télévision par semaine et que des millions de personnes tous les ans assistent à des spectacles en salles. Mais ce potentiel restera en friche si on laisse se détériorer davantage la situation économique de ces industries. Pour attirer des Canadiens de talents, il faut que ces industries soient viables et c'est précisément leur viabilité économique qui est menacée par la télévision à péage. Nous irons jusqu'à dire qu'en fragmentant davantage les auditoires de téléspectateurs, en siphonant des émissions du système déjà existant et en diminuant les auditoires des salles de spectacle,

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la télévision à péage empirera le problème du chômage au Canada bien plus qu'elle ne renforcera le système de radiodiffusion.

Pour terminer, ajoutons que nous ne croyons pas inévitablement l'avènement de la télévision à péage. D'autres pays ont refusé sa mise en place et nous réclamons du CRTC qu'il n'en permette pas l'instauration au Canada.

Respectueusement,

LE CONGRES DU TRAVAIL DU CANADA

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Donald Montgomery
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Shirley G. E. Carr
Julien Major
Vice-Présidents exécutifs

Au nom de:

The American Federation of Musicians
L'Association des artistes canadiens de la télévision et de la radio
The Canadian Actors Equity
The National Association of Broadcast Employees and Technicians
L'Union des artistes

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Ottawa, Ontario

COMMENT
COMMENTAIRE
N-29

Dear Madam or Sir:

Please find enclosed three copies of our submission on the question of Pay T.V. We will send along translated copies of the submission next week. If you would like more than three copies in either English or French, please let us know. We look forward to the opportunity of formally presenting our submission to you in late May.

I am,

Sincerely yours,

Bob Baldwin

Bob Baldwin,
Assistant Director,
Research & Legislation
Department

Encl.
BB/af
opeiu-225

Submission

by the

Canadian Labour Congress

to the

Radio-Television and Telecommunications Commission

on Pay T.V.

Ottawa, Ontario
April 15, 1977

DRAFT

Submission by the Canadian Labour Congress to the Canadian Radio-Television and Telecommunications Commission on Pay T.V.

April 15, 1977

In responding to the Commission's February 3rd Notice of Public Hearing, we, like many other groups, are making our second presentation to you in less than one year on the question of Pay T.V. In our earlier presentation which was dated September 28, 1976, we said in part:

> In our view, Pay T.V. is a new element in the broadcasting and entertainment system in Canada. It is an element that has the potential to do great harm to Canada's existing entertainment industry if considered in isolation from the independent Canadian broadcasting and entertainment system. Pay T.V. will develop at the expense of off-air broadcasting, the movie house, the live theatre, the stadium, the arena and other places of audience interest and entertainment.
>
> We believe that any new element introduced into the overall system can only be justified if it strengthens the interdependent broadcasting and entertainment industry.

We went on to argue that on the basis of what could reasonably be anticipated about the future effects of Pay T.V. on the existing broadcasting and entertainment industry, the introduction of Pay T.V. would weaken and not strengthen the existing industry. We concluded in our earlier brief that Pay T.V. should not be introduced until such time as it could be demonstrated that Pay T.V. could help to strengthen the existing industry and not weaken it.

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The Commission has never offered any specific response to our earlier submission, and indeed we did not anticipate a response specifically addressed to our brief. However, in its February 3rd Notice of Hearing, the Commission complained that the submissions received last fall did not address themselves sufficiently to the question of the form and function of a Pay T.V. agency in Canada. According to the Commission:

> Many submissions indicated that the potential value of Pay Television would be far outweighed by its negative impact on the present broadcasting system. For example, it was stated that Pay Televison in Canada would be dominated by U.S. feature films with little benefit for the Canadian program production industry. (p.2)

Since our earlier brief adopted a line of reasoning similar to that which the Commission has characterized as being beside the point, we feel compelled to defend the relevance of our earlier line of reasoning. In effect, what we and other groups that adopted a similar line of reasoning were saying, is that currently Pay T.V. has no positive function to play within the framework of the Canadian broadcasting and entertainment system. Thus, not only did we address the question of the function of Pay T.V., but we did so in a manner which obviated the need to dwell on its appropriate form.

We stress the relevance of the earlier submissions, including our own, because we think that the Commission's interpretation of what should be discussed in

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public hearings, precludes a discussion of the most important question of all - viz should Pay T.V. be introduced in Canada now? On pages 4 and 5 of its February 3rd Notice of Hearing, the Commission has posed a number of questions which it recommends that groups making submissions address. Unfortunately, these questions show an obsession with the form as opposed to the function of a Pay T.V. agency and they seem to presume that Pay T.V. is going to be introduced. If all of the respondents to the Commission's Notice confine themselves to addressing the recommended questions, then there will never be an opportunity to discuss whether Pay T.V. should be introduced.

In our view it is essential that there be a public discussion of the question whether Pay T.V. should be introduced into Canada, and this is the question we propose to address. Furthermore, we wish to make it clear from the outset that our views have not changed since last fall. We do not think that Pay T.V. is currently capable of playing a positive role in the Canadian broadcasting system.

In passing this judgement on Pay T.V. we are especially mindful of two things. The first is that section 3 of the Broadcasting Act sets out a broadcasting policy for Canada which must, in effect, serve as terms of reference for discussing the Pay T.V. issue. This broadcasting policy says in part that:

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> the Canadian broadcasting system should be effectively owned and controlled by Canadians so as to safeguard, enrich and strengthen the cultural, political, social and economic fabric in Canada; (Canada Broadcasting Act section 3(b))

To us, this particular element in Canadian broadcasting policy has an especially significant implication. For, although the Act specifically mentions Canadian ownership and control of the broadcasting system as a means to accomplish the objectives cited in section 3(b), a viable Canadian entertainment industry is required to accomplish the objectives of section 3(b) of the Broadcasting Act. This may not seem self-evident. However, we are certain that on a moment's reflection it will be conceded that neither Hollywood nor New York - yet alone Blue Grass country - have produced much that would "safeguard, enrich and strengthen the cultural, political, social and economic fabric of Canada." In other words, if the objectives of the Canadian Broadcasting Act are going to be fulfilled, we need not only Canadian ownership and control of the broadcasting system, but we need Canadian productions as well. That means we need: Canadian writers, composers, actors and actresses, cameramen, set designers, singers and musicians, directors and conductors - indeed the whole range of people who are part of the artistic community are necessary if the objectives of the Broadcasting Act are to be met.

The other point of which we are especially mindful in our rejection of Pay T.V. at this time, is the interdependent nature of the different elements in the entertainment and broadcasting fields. From a performer's point of view,

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this is especially evident. The broadcasting industry still relies heavily on the live entertainment field as the source of its performers and the performers themselves regularly move back and forth between the live entertainment and broadcast fields. In view of the interdependence of the entertainment and broadcasting fields, a healthy broadcast production industry in Canada requires a healthy live entertainment industry as one of its prerequisite conditions. This interdependence of the broadcasting and entertainment fields suggests that in evaluating the impact of Pay T.V. on broadcasting production, a twofold perspective is required. In the first place, one has to look at its impact on the broadcast production industry per se, and secondly on its impact on the live entertainment field which provides the broadcasting industry with many of its performers. The latter part of this dual perspective is especially important when one considers the desirability of Pay T.V. as a medium for carrying various types of theatrical and musical performances.

What we conclude from the foregoing is that the maintenance of a healthy broadcast production and live entertainment industry is essential to the fulfillment of the objectives of the Canadian broadcasting system as enunciated in the Broadcasting Act. Moreover, we view the introduction of Pay T.V. as a direct threat to both the broadcast production and live entertainment industries and hence, as a force which is likely to undermine the objectives of the Broadcasting Act.

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In explaining why we think Pay T.V. would have the negative effects just mentioned, we could procede by one of two methods. On the one hand we could discuss Pay T.V. in abstract and try to conjecture what the necessary and contingent ramifications of its introduction would be on the broadcasting and entertainment fields. On the other hand, we could be more empirical in our approach: we could look at the major forces supporting the introduction of Pay T.V.; we could look at how these forces are liable to shape Pay T.V. if it is introduced; and, we could assess the likely impact of these prospective developments on the existing broadcasting industry. The former approach may be more satisfying to the rationalistic mind, but the latter is more likely to confront the reality that will unfold if Pay T.V. is introduced. Therefore we will begin with the latter approach.

We are certainly revealing no secrets when we identify the cable or community antenna T.V. (CATV) owners as the major proponents of Pay T.V. The CATV interests have staked their claim to participate in the development of Pay T.V. on the basis that they already have the hardware which would allow them to deliver Pay T.V. to domestic consumers. Moreover, they could participate in Pay T.V. either by owning and controlling both the hardware and the programming, or by renting their hardware to a Pay T.V. authority in which they would participate with other interested parties. The Canadian Cable Television Association has officially endorsed

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the latter possibility and has suggested that a Pay T.V. authority made up of representatives of all sectors of the Canadian broadcast community, as well as the production industry, be established to take responsibility for programming. Needless to say the CCTA considers itself part of the broadcasting community.

The method of CATV involvement in Pay T.V. endorsed by the Canadian Cable Television Association might at first sight seem to reduce the direct commercial interest of CATV in the marketability of Pay T.V. programming. However, since they propose a rental fee based on a percentage of gross receipts of Pay T.V., it should be obvious that they have a substantial interest in programme content under both possible ways of involving CATV interests in Pay T.V. The CCTA gives a backhand acknowledgement to this fact when it describes its role in the Pay T.V. programming authority which it has proposed (PTN). For instance, in a recent article in Pay TV, Mr. Colin D. Watson, President of PTN, explains the CCTA's views as follows:

> The cable industry feels that it must have a strong voice in PTN for two reasons:
>
> 1. It has all of the capital at stake and from a business standpoint cannot be without an influential voice in the affairs of a programming monopoly with which it must deal for product;
> 2. It has a vested interest in ensuring that the product buying decisions, particularly the Canadian ones, are based solely on the criteria of creative excellence and market-place acceptance.

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No amount of euphemistic language can disguise the point that from the cable operators point of view, Pay T.V. is a commercial proposition. Moreover, if Pay T.V. is introduced on a commercial basis, there can be no doubt that what will appear on Pay T.V. will be what sells, and the CCTA has some definite ideas on what sells.

In the Watson article just referred to, readers are treated to some glowing remarks on the positive potential in Pay T.V. in the first few paragraphs. For instance, Mr. Watson suggests that it would be possible to have a number of "discretionary" Pay T.V. channels.

> One such discretionary service is a movie and theatrical service. Another might be a "frame grabbing" data retrieval channel. A third could be a "university of the air" channel, which, for a fee, allows viewers to take credit-bearing courses in their homes. The variety of programming material that could be offered to cable subscribers on a discretionary "pay to view" basis is wide indeed.

Unfortunately Mr. Watson did not get through the first page of his article without noting that in the U.S. experience with Pay T.V.:

> First subsequent-run American movies is the only consistently successful programme fare to date. Live sports are also an attractive offering.

Later on the same page he says:

> Canadian viewers are very much attuned to U.S. style programming and from a marketing standpoint we can probably conclude that a successful U.S. pay programme format will be successful in Canada and vice versa.

From the foregoing remarks it is difficult to avoid the conclusion that the CCTA envisages American movies and live sports as the staple programmes on Pay T.V.

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The prospect of Pay T.V. being introduced and carrying the kind of programmes just suggested is very discouraging. Under the current T.V. format, sports coverage is so extensive that it is difficult to imagine what sporting events could be presented on Pay T.V. without siphoning programmes from the current non-pay channels. And, as far as films are concerned, the current state of the Canadian film industry would suggest that extensive film showings on Pay T.V. would require the further importing of foreign - primarily U.S. - films. It may be needless, but it is harmless to add that the last thing that is required to "safeguard, enrich and strengthen the cultural, political, social and economic fabric of Canada" is the creation of a new Canadian market for U.S. films.

It may be objected that by focussing our attention on the position of the cable operators, we have defined the case for Pay T.V. too narrowly. When compared with the wide variety of possible formats that the concept of Pay T.V. presents, this may be true. Nonetheless, there are two very strong points to be made in favour of our approach. One is that as matters currently stand the cable operators are the major proponents of Pay T.V. and they are, and will remain, the major force that will define the nature of Pay T.V. in Canada until others enter the field. The second point to be made in defence of our approach is less tractable. It is

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that if Pay T.V. is to operate on a commercial basis, regardless of the role of the cable operators, it is hard to avoid their conclusion about what will sell. In other words, even if the cable operators are completely cut out of the Pay T.V. picture, it seems likely that commercial Pay T.V. will present a programme schedule which will consist mainly of U.S. feature films and sporting events.

Commercial Pay T.V. under any specific format will inevitably be led by its pursuit of profits to seek the widest possible viewing audience. If commercial Pay T.V. is allowed to develop alongside the established broadcasting and entertainment industry, it is our view that audiences for the established broadcasting system and/or the live entertainment fields will decline as a result. Declining audiences for the established industries will mean declining revenues and that in turn will mean a declining broadcasting production and entertainment industry in Canada. Not only will the introduction of commercial Pay T.V. further fragment the viewing audiences for the established broadcasting and entertainment industries, but the operators of commercial Pay T.V. are bound to view the siphoning off of popular established T.V. programmes as a viable commercial venture. In other words, if the Pay T.V. operators can see that Stanley Cup hockey is popular under the current T.V. format, they are bound to want to remove it from the current non-pay format and include it in the pay programme schedule. If the commercial operators are successful

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in siphoning popular programmes away from the established non-pay T.V., then T.V. viewers will find themselves paying directly for programmes they used to receive for free, and the established broadcasting industry will lose some of its most lucrative revenue earners. The latter consequence will have the same deleterious effect on broadcast production as fragmentation of viewing audiences will have.

We should add too, that we do not view the problems of fragmentation and siphoning as being capable of an easy regulatory solution - especially if Pay T.V. develops on a commercial basis. The CCTA's claims regarding the U.S. experience notwithstanding, it is inconceivable to us that extensive Pay T.V. coverage could develop without taking audiences away from either the existing broadcasting media or the live entertainment field. In this regard, we should add that what the proponents of Pay T.V. should be asked to prove, is not just that the viewing hours of non-pay T.V. will not decline, but that the live entertainment industry will not suffer either. Moreover, as far as siphoning is concerned, we can conceive of regulations that would prevent the siphoning of programmes currently on non-pay T.V. However, we find it difficult to imagine a satisfactory method of preventing the effective siphoning of programmes not currently on the television. In other words, it would not be difficult to imagine regulations which would prevent the siphoning of an established programme like Stanley Cup Hockey,

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but it is much more difficult to imagine regulations which would prevent a commercial Pay T.V. network from buying exclusive Canadian rights to a future Olympiad and hence keeping it off non-pay T.V. Regulations which could prevent this type of siphoning would give rise to incredible pressure from the Pay T.V. operators and the vendors of programme rights to have the public regulatory authorities waive the regulations in each particular instance. Moreover, the Pay T.V. operators would receive support from sections of the public who would reason that if the commercial Pay T.V. operators are allowed to exist, they must not be confronted with regulations which would unfairly weaken their position in the competition for entertainment revenues. Judging from the CRTC's change of attitude on the Pay T.V. question over the past two years, we are forced to a rather pessimistic conclusion regarding the ability of government regulatory bodies to resist pressures of the type just referred to.

In describing our reservations about Pay T.V., we have been assuming that the type of Pay T.V. system with which we have to be concerned is one that operates on a commercial basis. We are, of course, aware that there are a number of conceivable formats for Pay T.V. with different combinations of commercial and non-commercial enterprises being involved in different stages of a Pay T.V. system. We have already indicated that the complete commercialization

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of any part of the system - even the apparently innocuous provision of local hardware - would ultimately lead to the fragmentation and siphoning problems we have described. Here we would add two further points. One is that we are highly skeptical about proposals for a commercially operated Pay T.V. network which would subsidize Canadian artistic production on a gratuitous basis. The second is that while it would be possible to set up a purely non-commercial Pay T.V. system, it would have to be set up under public auspices and we are not convinced that such a network would be necessary or desirable in light of the role already played by the CBC in our broadcasting system.

Our skepticism about proposals to have a commercial Pay T.V. system subsidize domestic artistic activity stems from two sources. On the one hand we are concerned that the groups that would be likely to participate in a commercial Pay T.V. network would find that their will to support Canadian artistic production would not last long. In saying this we are acutely aware of the past record of the Canadian cable and broadcasting companies in supporting Canadian productions. Unfortunately the broadcasting networks and local stations have presented the financial information to the public in a way which makes it almost impossible to determine the proportion of their broadcasting expenditures that are spent on domestic programme production as opposed to the importing of foreign material Nonethless, working on

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the basis of rough estimates, we will concede that the broadcasters probably spend twice as much on domestic productions as on imports. But, we still note with chagrin that in 1975-76 they spent over $40 million importing foreign material. The record of the cable operators is quite remarkable. Out of total revenues of almost exactly $107 million in 1973, they spent only $1.6 million on programme origination. The cable operators have had years during which they could have demonstrated their commitment to Canadian artistic production and they have not done so. As a result, we find it difficult to accept their current proposal to have PTN subsidize artistic production in Canada as anything but an attempt to make their PTN proposal look less ominous to the entertainment and broadcast production fields. Based on their past performance we fear that if the Canadian broadcasters and cable operators are allowed to establish a commercial Pay T.V. network on the understanding that they will subsidize Canadian artistic production, they will soon find that the subsidy programme is a financial burden which they do not have the will to bear.

The second source of our skepticism concerning subsidization proposals relates to the dollars and cents of the subsidy proposals. The very fact that a subsidy of any sort has been proposed strikes us as a confirmation of our basic fear that Pay T.V. is going to divert funds from domestic TV production and the domestic entertainment industry.

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In other words, the subsidy is being proposed as a compensation payment. However, to this point in time, we have seen no estimates comparing the anticipated amount of the subsidy with the anticipated financial damage to the broadcast production and entertainment industries in Canada should Pay T.V. be introduced. We feel that the CRTC has a responsibility to make sure that estimates of this sort are made and subjected to public scrutiny before Pay T.V. is allowed to become an established fact in Canada. We do not understand why, if a commercial Pay T.V. system with a subsidy scheme attached to it is going to be financially beneficial to the Canadian artistic community, that it has not been demonstrated convincingly already. The lack of such a persuasive demonstration leaves us highly skeptical about the benefits to be derived from the subsidy proposals.

Earlier we noted that one of the alternatives to a purely commercial Pay T.V. system that has been proposed is a non-commercial system. We presume that a non-commercial system would be a public one, and we concur with the proponents of a public system to the extent that we think a public system would not be as strongly compelled to draw audiences away from the established broadcasting and entertainment fields as would a commercial system. We also recognize that many proponents of a public Pay T.V. system adopt their position with the best of intentions in mind. They view a public Pay T.V. network as a way of exposing the entire country to

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cultural activities which currently are largely confined to Canada's larger and medium sized cities. Nonetheless, we see two shortcomings in the public Pay T.V. proposals.

The less severe shortcoming of the public Pay T.V. proposals is that, at times, they seem insensitive to the economic realities of some of the live entertainment fields which might be affected by the proposals. Even if we make the assumption that public Pay T.V. in Canada would concentrate on carrying Canadian artistic performances, there are some fields of the arts in which Pay T.V. could still have negative economic effects. For instance, in the fields of ballet and opera, Canada's major companies rely on annual tours for a significant part of their revenues. If Pay T.V. were to present people across the country with the option of viewing the Canadian Opera Company at home rather than on tour, the company could suffer severe economic consequences. A related problem exists in the symphony field. Many medium sized and large cities across the country are struggling to keep symphony orchestras going. If Pay T.V. presents the residents of these cities with the option of viewing one of Canada's top symphony orchestras, yet alone the best in the world, rather than going to a local symphony, then the local symphonies may be forced to close. Striving for artistic excellence by international standards is a laudable virtue, but it would take a rather myopic view to applaud the demise of local symphonies to which

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Pay T.V. could give rise. We point to these potential economic problems not because they will necessarily follow from the introduction of public Pay T.V., but rather because they are significant possibilities to which insufficient attention has been paid by some of the proponents of public Pay T.V. who view a public system as a way of increasing access to the arts. In principle, these problems could be overcome if adequate studies were done on the economic impact of artistic programming on public Pay T.V.

From our point of view, the more serious question to be answered by advocates of a public Pay T.V. system is why it should be introduced when the CBC already provides "free" public television service on such a broad basis. It seems to us that if there is broadcasting material that ought to be presented by a public agency, then it must, by some definition, be deemed to be good for the Canadian public. And, if this is the case, then we cannot understand why it should not appear on "free" T.V. In other words, given that the CBC exists and provides "free" television coverage, to argue that another public agency should provide television coverage on a pay-to-view basis seems to elevate paying for viewing to the level of high principle. However, we cannot accept this principle as a guiding rule that public agencies should follow. The pay for service principle always makes services more readily available to the rich then to the poor. From our point of view, public services such as

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broadcasting should be providing a service of benefit to all Canadians and therefore they should not be offered on a format which is going to limit the access that the poor have to the service. Thus we see no reason for the introduction of a public Pay T.V. system when the CBC already exists. Although, from our point of view, a public Pay T.V. system would be far less threatening to the existing broadcasting and entertainment industries than would a private commercial system.

In stating our opposition to a commercial pay T.V. system, there is one point that bears special emphasis, and that is that major segments of the broadcast production and live entertainment industries are already in a weak financial position. The theatre, symphony, ballet and opera companies are almost universally subsidized and yet they still have enormous difficulty avoiding heavy indebtedness. These problems persist in spite of shockingly low wages in these fields. A study commissioned for the Canada Council found average incomes for performers in dance, theatre and music to be only $5,400 in 1971. In 1975, more than 73 per cent of the entertainers performing under union contracts in the ballet, opera and theatre earned less than $5,000! Fortunately many of these people could supplement their incomes through broadcast performances, but these figures are still indicative of the financial hardships Canadians already face in trying to earn a living in the live entertainment field.

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The television production industry also faces serious economic problems which are somewhat differently defined. In this area the major problem is that it is cheaper for Canadian broadcasters to import and show U.S. produced television programmes than it is to produce Canadian ones. According to a paper prepared by the CRTC research staff, a half hour segment of a popular U.S. T.V. show would typically cost a Canadian broadcaster $2,000, whereas the cost of producing half hour versions of different types of Canadian shows would be as follows:

Variety	$15,000
Music anthology	20,000
Drama - tape	30,000
- film	65,000
Current affairs	15,000
Documentary	20,000
Dance	8,500

Not only does it cost more to produce shows in Canada than to import them, but the U.S. adventure/dramas and situation comedies draw larger audiences and revenues than do most Canadian shows. Thus, there are compelling commercial reasons for importing U.S. shows rather than undertaking domestic production. As a result, the private networks opt for showing as much imported material as they can while the CBC's appetite for imported productions is only relieved by its freedom from purely commercial considerations. The popularity of the U.S. shows with Canadian broadcasters is

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revealed by the fact that in some viewing areas, the Canadian networks repeat more than two-thirds of the shows offered in prime time by the U.S. networks.

The financial unattractiveness of domestic television production has been accentuated in recent years by the introduction of cable television. Cable has served to further enhance the model of the high cost U.S. adventure/dramas which it is so difficult to produce in Canada because of the costs of production and the limited Canadian market. Cable has also reduced the size of the viewing audiences for Canadian broadcasters which only serves to exacerbate the financial unattractiveness of domestic production for the domestic market. Moreover, as we noted above, the cable operators have not shown a strong inclination to support T.V. production on their own. The combination of cable and the importation of U.S. shows by Canadian networks has led to situations such as that in Toronto where, late in 1974, only 25 per cent of the shows on the eight major VHF stations available were of Canadian origin.

In view of the financial problems of the broadcast production and live entertainment industries, it is our view that the Government of Canada should now be working to strengthen and not weaken these industries. These industries have great potential to contribute to the social, cultural and political life of Canada. The fact that Canadians watch and estimated average of twenty-three hours of television

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per week, and that audiences for live entertainment number millions per year, is ample testimony to this potential. However, they cannot fulfil this potential if the economic state of the broadcast production and live entertainment fields are allowed to deteriorate still further. The capacity of these industries to attract talented Canadians depends on their economic viability and their economic viability is precisely what is threatened by Pay T.V. Indeed, by further fragmenting T.V. audiences, by siphoning programmes away from the established broadcasting system, and by reducing audiences for live entertainment, Pay T.V. will make a greater contribution to Canada's unemployment problems than it will to strengthening the broadcasting system.

In conclusion we would only add that we do not believe that the introduction of Pay T.V. is an inevitability. Other countries have refused to allow Pay T.V. to develop and we would ask the CRTC to refuse to allow it to be developed in Canada.

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Respectfully submitted by the

CANADIAN LABOUR CONGRESS

Joseph Morris,
President

Donald Montgomery,
Secretary-Treasurer

Shirley G. E. Carr,
Julien Major,
Executive Vice-Presidents

On behalf of:

The American Federation of Musicians

The Association of Canadian Television and Radio Artists

Canadian Actors Equity

The National Association of Broadcast Employees and Technicians

Union des Artistes

opeiu-225

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COMMENT
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1977 04 15

Miss Lise Ouimet
Secretary General,
Canadian Radio-television and
Telecommunications Commission,
100 Metcalfe Street,
Ottawa, Ontario
K1A ON2

Received by – Reçu par
SECRETARIAT
APR 15 1977
C.R.T.C.

Dear Miss Ouimet:

This is in response to your announcement concerning Pay TV and the hearing scheduled for May 30, 1977.

The October 1, 1976 joint submission from the Trans-Canada Telephone System and Telesat Canada continues to represent our views on this matter. That submission developed a plan whereby Canada's domestic satellite system would be integrated with the terrestrial network and used to deliver Pay-TV material from the program sources to local distributors in each community. We wish to re-emphasize that the integrated system provides the benefit of being easily and economically expandable, thus bringing to all Canadians the benefits of improved video and telecommunications services. The telecommunications system proposed by Telesat/TCTS could also facilitate the extension of the Canadian Broadcasting System through expanded CBC English, French and Northern services, second English (CTV), second French (TVA), House of Commons telecasts, CATV program distribution, educational television plus a variety of other services which would serve to improve the quality of life, particularly in the more isolated regions of the country.

The use of TCTS/Telesat facilities for the delivery of Pay-TV to all communities in Canada will allow for the inclusion of live coverage of events throughout Canada. This would ensure a strong system capable of distributing, on a live basis, the diverse cultural events taking place in Canada as well as live sports, theatrical and ethnic programming. A system dependent upon the bicycling of video tapes would be much more passive in nature making it difficult to develop Pay-TV to its fullest potential. An active interchange of expression, as allowed for in the Telesat/TCTS delivery system, will serve to strengthen the creative and cultural spirit of our nation.

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Pay-TV must be a positive force in the advancement of Canadian culture through the development of a creative production facility.

We strongly suggest that a pilot project to evaluate the nature of a Canadian Pay-TV system be initiated involving several representative communities across the country. TCTS/Telesat is prepared to work in close cooperation with the CRTC and the proposed Agency in order to develop the project. We propose that the integrated Telesat/TCTS network be used to collect and distribute the programs utilizing the existing satellite facilities and thus incurring relatively small costs to augment earth station facilities. We look forward to the possibility of participating in such a pilot project.

Telesat Canada's proposal for membership in TCTS is coming before the Commission on April 25, 1977. In this proposal the planned integration of terrestrial and satellite facilities will increase the economic attractiveness of our proposed delivery system.

We would wish to work in close cooperation with the CRTC and the proposed Agency to develop a service which will serve Canadian interests both now and well into the future. We would be pleased to participate in the May 30 hearing if the Commission so desires.

D.A. Golden
President
Telesat Canada

E.D. Thompson
President
Trans-Canada Telephone System

Received by - Reçu par
SECRETARIAT

APR 18 1977

C.R.T.C.

Received - Reçu
Executive - Direction
Bureau - Ottawa

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APRIL 15/77

COMMENT
COMMENTAIRE
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MR HARRY BOYLE
CHAIRMAN
CRTC
OTTAWA

IN RESPONSE TO THE FEBRUARY THIRD REQUEST BY THE COMMISSION FOR SUBMISSIONS REGARDING THE FORM AND SUBSTANCE OF PAY TV AND THE SUGGESTION IN THE COMMISSIONS ANNOUNCEMENT OF MARCH 28 THAT PAY TV BE CONSIDERED AS A POSSIBLE MEANS OF PROVIDING MULTILINGUAL SERVICES I WISH TO EXPRESS MY CONCERN THAT PAY TV COULD BECOME A THREAT TO THE WELFARE OF ETHNIC COMMUNITIES

THE ACCEPTANCE OF QUALITY CANADIAN MULTICULTURAL TELEVISION PROGRAMMING HAS BEEN DEMONSTRATED BY THE AUDIENCES GENERATED FOR OUR SUNDAY TELEVISION OPERATIONS IF IT CAN BE SHOWN THAT THIS KIND OF TELEVISION CAN BE PROVIDED FULL TIME BY A VIABLE OVER THE AIR FREE SERVICE THEN IT WOULD BE A REAL DISERVICE TO THE T ETHNIC COMMUNITY TO RELEGATE SUCH PROGRAMMING TO ONE OF THE PAY TV OFFERINGS WHICH WOULD PLACE ADDITIONAL ECONOMIC PRESSURES ON THE VERY PEOPLE WHO NEED IT MOST AND CAN AFFORD IT LEAST

I WOULD ASK THE COMMISSION TO GIVE THIS MATTER SERIOUS CONSIDERATION

RESPECTFULLY
JOHNNY LOMBARDI,
PRESIDENT,
CHIN RADIO
TORONTO

Radio 1540 Ltd.,
637 College Street
Toronto, Ontario

CHIN
CRTC OTT

TORONTO MOTION PICTURE PROJECTIONISTS

AFFILIATED WITH

A.F.L.-C.I.O.

CANADIAN LABOUR CONGRESS

ONTARIO PROVINCIAL FEDERATION OF LABOUR

LABOUR COUNCIL OF METROPOLITAN TORONTO

OF THE INTERNATIONAL ALLIANCE THEATRICAL STAGE EMPLOYEES AND MOVING PICTURE MACHINE OPERATORS OF THE UNITED STATES AND CANADA

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CHARTERED
NOVEMBER 17TH, 1909

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April 11, 1977

Canadian Radio-Television and Telecommunications
Commission
100 Metcalfe Street
Ottawa, Ontario
K1A 0N2

Received / Reçu
Privy Council Office
Bureau du Conseil Privé
APR 15 1977
C.R.T.C. — Ottawa

ATTENTION: Mme. Sauve

Dear Mme. Sauve:

As per your notice of Public Hearings dated Feb. 3, 1977, to be held in Ottawa commencing May 30, 1977;

We respectfully submit this second brief as requested, to the C.R.T.C. submitted by Locals 173 I.A.T.S.E. and sister locals F 73, B 73 and 345.

We feel that if films are syphoned off for Pay-TV, the result will be that only major theatres will be able to compete, and that suburban, and small town theatres will close; thereby putting our people out of work, and also depriving patrons in outlying areas of this form of entertainment. In order to guard against such a situation arising, we ask that Legislation be enacted to protect the play dates of feature films in the movie industry today (see enclosure) in that they must not be released to Pay-TV for at least two years from date of release.

Many small agencies must be set up to deal with the purchasing and distribution of programs, thereby eliminating the possibility of an agency monopolizing this end of the system, and being able to dictate what programs are to be shown.

Pay-TV programing should be educational as well as entertaining in that university or secondary school courses should be made available, as well as operas, symphonies, theatrical presentations and plays should be a major portion of programing.

Outlying areas should have their own agencies to decide what programing should be shown in that area.

.....2

TORONTO MOTION PICTURE PROJECTIONISTS

AFFILIATED WITH
A.F.L.-C.I.O.
CANADIAN LABOUR CONGRESS
ONTARIO PROVINCIAL FEDERATION OF LABOUR
LABOUR COUNCIL OF METROPOLITAN TORONTO

OF THE INTERNATIONAL ALLIANCE THEATRICAL STAGE EMPLOYEES AND MOVING PICTURE MACHINE OPERATORS OF THE UNITED STATES AND CANADA

EXECUTIVE OFFICES:
167 CHURCH STREET
TORONTO M5B 1Y4

CHARTERED
NOVEMBER 17TH, 1909

PHONES:
364-8323 & 4

April 11, 19/7

Mme. Sauve

75% of all programing and production should be done by Canadians, and employ Canadian writers, producers, directors, actors and technicians.

Of all revenue generated by subscription for pay-TV, 15% must be made available to pay writers, actors, technicians, and others involved in the production of programs for this media.

Subscribers now on cable TV should not be charged more for Pay-TV unless the cable TV costs are eliminated; otherwise, the cost for Pay-TV becomes an added tax burden for the consumer.

A new media such as Pay-TV should add information and entertainment to the media, rather than through syphoning, charge for what is already free, or being paid for through cable TV.

In providing entertainment and information, it is hoped that the first concern will be for remote areas, rather than larger metropolitan areas where a great number of channels already exist, and cable TV service is already supplied at reasonable cost to the consumer.

Respectfully submitted/by,

Kenneth R. Hartwick
Chairman, Pay-TV Committee
Local 173, I.A.T.S.E.
167 Church Street
Toronto, Ontario

KRH/jc
Encl.

Martin Newman Urges Modification Of FCC Regulations for Pay TV

LANSING, MICH. — Martin H. Newman, director of membership services for the National Ass'n of Theatre Owners, rapped Federal Communications Commission regulations and termed them "unfair" while addressing the North Central Cable TV Ass'n convention here Monday (21). Unless present FCC rules for the regulation of pay TV are modified, he declared, and fair and orderly competition fostered, "motion picture theatres, as we now know them, will disappear from the American scene."

Newman said NATO believes that motion pictures should be made available first to all theatres throughout the U.S., not just in New York and Los Angeles, and then after a reasonable clearance be made available to pay-cable, with subsequent relase after a suitable time lapse to so-called free TV.

Will Affect Theatres

He quoted a statement made by Prof. Thomas H. Guback of the University of Illinois Institute of Communications before the House Subcommittee on Communications last spring: "There can be no doubt: As pay TV expands and increases its bargaining position for films, theatres will be faced with a diminishing supply of suitable pictures, with diminishing audiences and with diminishing revenues. I am not an alarmist, but the situation must be viewed honestly. Thousands of theatres will be forced to close."

Pointing out that theatres contribute at least $2 billion annually to the economy, excluding advertising and film rental costs, the disappearance of movie houses, Newman observed, could have an adverse effect on film production, as has the loss of tax-shelter money. He said that both theatres and pay TV must deal with the same suppliers. "You have to deal with the same companies who can either make or break you, because just like theatre owners you invest your capital to build a system. Then you are at the mercy of a film distributor to determine what you are going to put on the screen," Newman asserted.

Revenue Is 'Gravy'

"I'm sure that you are aware that at present the revenue from pay-cable is not substantial but provides extra gravy to the producer and distributor and is nice to have," he told the assemblage. "But we all know that the producers and distributors are looking forward to the day when there is a per-program charge rather than a per-channel charge."

Sophisticated technology which will be introduced soon by a major cable firm, he said, can make present systems obsolete if it is successful.

With decreased film production, the NATO official reminded, "You will have less to choose from for your programs." He said that production has been decreasing rapidly and even fewer pictures are scheduled to be made in 1977.

Theatres Determine 'Hits'

"Many of you do not book X pictures and may even be selective about those in the R category. Many of the 335 pictures rated for independent distributors in 1976 are unsuitable for your programs because they are either too violent, too sexy or too little known to be commercial," Newman stated. He pointed out that theatrical exposure, as well as promotional campaigns on TV, creates a want-to-see for films on pay TV as well as in movie houses—and engagements in theatres determine which pictures are "hits or flops."

He urged, "I believe that we must both start to do something to get more production flowing to our screens. We must invest in it. No one else is going to do it for us. Building new pay-cable systems is like building new theatres. Without a program to put on the screen, they are both an economic waste. With over-the-air pay TV getting started in Los Angeles soon and the rewriting of the Communications Act, we can look forward to some interesting developments affecting both of us."

cineo productions

COMMENT
COMMENTAIRE
N-33

April 14, 1977

Miss Lise Ouimet
Associate Secretary General,
Public Hearings
Canadian Radio-television and Telecommunications Commission
100 Metcalfe Street
Ottawa, Ontario
K1A 0N2

Received by
SECRETARIAT
APR 19 1977
C.R.T.C.

RE: PAY TELEVISION

Dear Miss Ouimet:

Thank you for your letter of March 1st. In reply to the Commission's invitation for further submissions on the subject of Pay Television, we have attempted to assemble a new brief following the guidelines outlined in your Notice of Public Hearing of February 3, 1977. Due to the short time-span involved, the complexity of the subject in question as well as recent developments involving Pay Television in the United States, I am unable to present this new submission in a coherent form, at this time.

I would like, however, to appear on behalf of my company at the Public Hearing to be held at the end of May; in that regard, I will attempt to briefly summarize some of the facts and issues which would be dealt with in our presentation.

1. Although our first submission to the Commission (dated September 27, 1976) did not deal in specific with the items originally called for in the CRTTC's first appeal for briefs on the subject of Pay TV (as recapitulated on page 2 of your Notice of Public Hearing) it focused largely on the subject of the consequences of Pay TV for the Canadian producer and in the process we answered succintly most of the said items, namely:

a. Pay TV would be, under most circumstances, a direct competitor to conventional broadcasters and it would therefore be forced to aquire the

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1646 Victoria Park Ave., Toronto, Ontario, Canada, M1R-1P7 (416) 757-7877

(cont'd)

best programming available in order to ensure its economic self-preservation. This means siphoning, unless radically different broadcast material is to be suddenly invented.

b. With the exception of extraordinary sport events, concerts, possibly legit theatre (we doubt it) and occasional live events we fail to see a significant difference in programming between Pay TV and normal broadcasting, whereas such exceptions alone could not make subscription Pay-TV (as opposed to random access, metered, Pay TV) an economically healthy enterprise.

c. The economics of Pay TV, as outlined by its proponents, suggest that no significant financial benefits would accrue to Canadian producers individually as a result of Pay TV, as most prime-time programs would have to be aquired from the United States; Canadian producers cannot produce programs at competitive rates (aprox $ 10,000 per hour) without the benefit of the American market. Since regions where Pay TV would be prevalent are within the area of coverage of US border stations, programs made for Pay TV would without doubt be prevented from free broadcast for a lengthy period of time.

d. The American Pay TV experience has fortunately already demonstrated that Pay TV operators will refrain from virtually nothing to fight anti-siphoning regulations, if such were feasibly enforceable. A decision by the US Court of Appeals as recently as the last week of March this year, has overturned all antisiphoning regulations on grounds that they were unenforceable, arbitrary and anti-competitive. At this time, in the United States, Pay TV is competing for the very best of available prime-time programming in an unobstructed manner.

2. We conclude that Pay-TV, as described by its proponents, would not assist Canadian program production to any significant extent and it would not, therefore, be of significant benefit to the Canadian broadcasting system.

3. A Pay-TV agency formed by cable-casters, distributing its programes on a monthly subsribtion-basis via mid-range cable frequencies and special converters cannot of itself guarantee

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simultaneously beneficial effects on the Canadian broadcasting system and program production industry, as well as evening and night prime-time programming which would satisfy the buyers of such a service, as we have demonstrated the two benefits to be mutually exclusive. The proposed structure of such agency would, in effect, be a vehicle for the marketing of the services of cablecasters in their assigned territories as such services appear to be the single proposed delivery-mode for Pay TV signals. We will further point out that the present structure and presently used hardware in the cable industry is rapidly becoming obsolete.

4. The proponents of Pay TV in the form of a consortium of cablecasters using cable hardware and frequencies for the delivery of the proposed service are displaying a baffling miopy toward rapid technological advancements which are now making conventional cablecasting obsolete. Of outstanding importance in that regard are the advent of fiber optics which when used for signal delivery have the capacity of carrying up to three hundred video signals along with many thousands of duplexed audio channels which can also carry digital codes. In this regard, a comprehensive, homogenous, random-access information network is conceivable in the very immediate future, where a subscriber would be able to telephone, converse on video-hook-ups, watch television, dial computer-stored data, randomly select instructional or entertainment programmes of his choice or do his or her banking. With such technology at hand it seems to be immensely stupid to think of wiring up the country with cable TV, the situation being analogous with proposing to equip homes with "smoke-signal devices" when telephones were available. Also the recently perfected technique of direct satellite to home receiver relays of TV signals makes the Cable TV industry obsolete as a whole in major urban areas where it now resides and which it serves. The spread of cable-TV as we know it must be curtailed in order to ease its replacement with superior and most likely, less costly services in the near future.

5. The above-described advances in technology suggest that there should be a general shift toward random access programming in the very near future. In this regard, the only viable Pay TV agency could be created by using existing over-the-air broadcasting hardware which is abundant for the creation of a subscriber-financed over-the-air Pay TV system much in the fashion of conventional European television broadcasting. I suggest that if such a system would be economically feasible, existing broadcasters would have no hesitation in establishing one. The cost of setting up such a system would in all likelyhood not differ significantly from that of a

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system using cable to deliver a centralized service using broadcast - quality hardware and microwave relays, as we assume the cable-proponents have in mind.(I cannot conceive of a Balkanized Pay TV system where every cable company would run its own shows sub-leased from a central sub-distribution agency, which may be the case, and which would be practically impossible to regulate and police efficiently. The said cable-proponents are most ambiguous and vague about this particular matter.) I also submit that if Pay TV were to essentially satisfy the concerns of the CRTTC regarding the siphoning of commercial programming and the benefit of its very existence to Canadian culture, broadcasting and production, our broadcasters would be in the front-line devising viable schemes for over-the-air Pay TV. Which adds even more doubts as to the realism of the rosy-coloured picture described by the proponents of Pay TV run by cablecasters.

6. A Pay TV agency would be a massive undertaking much in the fashion of another TV network, involving substantial investments and administrative and operating complexities and best qualified to organize and operate such an outfit are the established Canadian broadcasters. The agency could take the form of a separate enterprise with participation from the public sector (in the minority) through, possibly, a separate arm of the CBC. Private participants may include privately owned stations across the country, the CTV Network etc.

7. Such a Pay TV agency should be prohibited by charter from producing its own programmes or from purchasing in bulk from affiliated agencies. In its operation it should set an example for future broadcasting in this country by funding pilot-programmes and purchasing all programmes from independent producers or distributors, with the exception of news programming and a small number of current affairs shows (should such survive the advent of Pay TV).

8. A Pay TV agency involving the bulk of the Canadian broadcasting industry would prevent, in the interest of its participants, the siphoning of commercial programs, would be policeable by a regulatory agency (the CRTTC) and may even be of some benefit to the Canadian film industry, if a major share of its revenues were to be allocated, by charter, toward the purchase of domestically-produced programs. Such organizational structure would also ensure a smooth transition, as hardware becomes available, to a random-access type of programming without serious financial consequences to presently operating broadcasters, by creating the first semblance of a future, unified service in the fashion outlined in section 4 of this paper.

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9. One of the principal arguments used by cablecasters in pressing for their version of Pay TV was the potential threat from unlicensed cable systems within their assigned territories. In this regard, it is the responsability of the Minister of Communications and of the government of Canada to rule, order or legislate unlicensed, inferior-quality, cable systems out of existence. Although two such companies have recently started to operate, they have not been prosecuted or otherwise dealt with in spite of their conceded illegality. If the Minister is scrupulous about dealing harshly with illegal, unlicensed outfits in considerable minority, how can we have confidence that regulations governing a financial mammoth like the proposed Pay Television agency, would be enforced to any significant degree?

The issuance of a Pay TV licence to a group of cablecasters would spell tragedy for Canadian broadcasting and would not serve the cause of national unity or that of Canadian culture any more than, say, re-broadcasting the complete line-up of the ABC Network across Canada.

Canada does not want Pay TV on cable, does not need it and should not be forced to have it.

Over-the-air Pay TV, on the contrary, could become an important intermediary step toward a comprehensive, random-access home communications system including television, and it is in this direction that our broadcasters and regulatory bodies should be looking.

Thanking you for your consideration and looking forward to getting further information about our participation at the Public Hearing commencing May 30, 1977;

All the best,

Robert C. Diez d'Aux

RDdA/jm
cc: P. Steinmetz, Gordon Noble, John Roberts,PET,

Crawley Films Limited
409 King Street West
Toronto, Ontario M5V 1K1
Telephone (416) 366 0771

crawleys

Executive
Bureau du
APR 18 1977

COMMENT
COMMENTAIRE
C.R.T.C.
N-34

12th April 1977

Mr. Harry Boyle,
Chairman,
Canadian Radio - Television Telecommunications Commission,
Room 1801,
100 Metcalfe Street,
Ottawa,
Ontario,
K1A ON2.

Re: C.R.T.C. Pay-TV hearing

Dear Harry,

Canadian production of entertainment feature films under any auspices (Private or Public) will never occur on a scale which can be classed as an industry until Canadian films reach the quality, on a consistent basis, to compete in the world market.

The business is risky and to reach the needed consistency will require more investment than has so far been available to the private sector.

After more than 35 years observing the record of performance of the public producers (N.F.B. and C.B.C.) in this field, it is apparent that a viable industry to sell product outside of Canada will never come about by their efforts. The political set up of these establishments does not and cannot provide any incentive for success.

In private hands it could be done. It's mainly a matter of money. All of the skills needed are available to the private industry in Canada.

Theatrical film distribution and exhibition in Canada is completely dominated by United States product. So is Canadian television, both private and public.

One possible source of substantial investment in Canadian film production could be provided under the plan suggested by the Canadian Cable Television Association.

For several years past I have been trying to convince the Government of Canada that a percentage subvention of theatrical and television film rentals earned in Canada by foreign distributors could and should be carried forward annually to the credit of such distributors, thus creating, if you will, an "involuntary" fund available for the purchase of Canadian production for world

Cont'd...

Crawley Films Limited
409 King Street West
Toronto, Ontario M5V 1K1
Telephone (416) 366-0771

crawleys

Mr. Harry Boyle

distribution by major foreign distributors.

The suggestions of PTN - Pay Television Ltd. could accomplish the same result but on a "voluntary" basis.

PTN's commitment is to direct 15% of gross subscriber revenues into a Canadian programming fund to be administered by a partnership of the cable industry and the creative private production industry.

I know that you are familiar with this proposal which it is estimated could provide up to 16 million dollars a year for investment in Canadian private production.

We support the implementation of this plan.

Sincerely,

F.R. Crawley

cc: Michael Hind-Smith, CCTA

COMMENT
COMMENTAIRE
ADD TO N-35

Received by – Reçu par
SECRETARIAT
APR 25 1977
C.R.T.C.

C.R.T.C.
TELEX RECD
APR 25 1977

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LISE OUIMET SECRETARY GENERAL
CANADIAN RADIO TELEVISION AND TELECOMMUNICATIONS COMMISSION
100 METCALFE ST OTTAWA ONT M1A ON2
RT
PLEASE CHANGE OUR ERROR IN OUR BRIEF FROM CALDOBA COMMUNICATIONS ON TAY-TV APRIL FOURTEENTH PAGE 3. SECOND PARAGRAPH SHOULD READ: THE DESIGN OF A PROGRAMME AGENCY CANNOT. DELETE CAN. PLEASE ADVISE US OF LINEUPS FOR HEARINGS WHEN AVAILABLE.
GEORGE SCOTT SECRERTARY CALDOBA COMMUNICATIONS.

CNCPTEL OTT TH•
CRTC OTT

COMMENT
COMMENTAIRE
1-35

A Brief on the Matter of Pay Television Presented to the C.R.T.C.

by

Caloba Communications Ltd.
(Toronto)

April, 1977

P.C.R.T.C. 77-681

April 14, 1977.

Mr. Harry Boyle,
Chairman,
Canadian Radio-Television and
Telecommunications Commission,
100 Metcalfe Street,
Ottawa, Ontario,
M1A 0N2.

Dear Mr. Chairman and Members of the Commission:

Caldoba Communications Ltd., a wholly-owned Canadian communications company incorporated in the Province of Ontario (1974), wishes to respond to your request for opinions in the matter of Pay Television. We thank you for this opportunity.

We recognize any decision forthcoming from the Commission is crucial to the future interest of our company and the larger issues facing the production and distribution industry in this country. It is our belief that we can, through our various on-going associations locally, nationally and internationally, provide some insights and opinions on some of the issues outlines in your questions. We cannot provide all the answers: they will inevitably evolve through the implementation of the system.

We extend our warmest regards to you and the the Members and trust this following brief will aid you in your deliberations.

Yours sincerely,

D. J. Callaghan

David John Callaghan,
President,
Caldoba Communications Ltd.,
93 Thursfield Crescent,
Toronto, Ontario,
M4G 2N4.

:mc

WHO ARE WE?

Caldoba Communications is a company concerned with all facets of communications as they apply to Canada and her peoples.

(a) Caldoba Communications is currently negotiating a working agreement with a Canadian communications group recognized internationally for its outstanding contributions to the production of programming for the Canadian film and broadcasting industry. It is our belief they will aid in helping us to carry out our long-range objectives of actively supporting the performing arts, production and distribution milieu in Canada. Our association is at the stage of successful preliminary working arrangements.

(b) Caldoba Communications is currently negotiating with a Canadian organization which will provide programming on a fine arts basis as well as document and promote the varied interests of Third World countries to Canadian audiences. The charter of this group is non-profit. Caldoba Communications is committed to this undertaking and we feel this association will become reality soon.

(c) Caldoba Communications, indirectly through two senior officers of the company, is actively engaged, on a day-to-day basis, with students in a post-secondary institution in Toronto. The nature and intent of their educational objectives is to train professionals for employment in broadcasting, film and, to some extent, the performing arts in Canada.

The combined experience of these two people represents nearly 40 years of practical experience in Canadian broadcasting, film and

teaching. Caldoba Communications is dedicated to expanding the horizons and opportunities for students in programs such as these.

(d) Caldoba Communications, through our franchise agreement with a national distributor in the United States, is prepared to offer the Canadian Pay Television audience, programming with merit for entertainment and information on a "first-run" basis: it would not ordinarily be available on regular network programming in the U.S. or Canada. Caldoba's agreement with this distributor assures us an excellent association with the leader of Pay TV systems in the United States. We believe material such as this will be needed to form part of the intricate network of programming to service a working Pay Television system in Canada.

WHAT DO WE THINK?

It is the opinion of Caldoba Communications that any Pay Television system should not in any way alter the programming, ownership or franchise of existing broadcasting facilities. The sole purpose of Pay TV should be to make available on demand, those programs not available on free television (foreign language, extravaganzas, first-run movies, Broadway productions, cultural productions, etc.) to fulfill a need for that minority able and willing to pay for it. Under no circumstances should Pay TV be allowed to become the norm and replace the right of the public to receive free programming on their airwaves.

Participation in ownership and distribution of a Pay TV system is by privilege only. It is not a right nor a license for distributors such as

cable operators to dominate content and force the general public to pay for what they should receive free.

It is inevitable that, initially at least, most programming on Pay TV will be of foreign origination. There is nothing wrong with this, in fact, this is the place for foreign programming. However, because distribution is a privilege, it should carry with its license, an obligation to generate funds for the upgrading of quality and quantity of Canadian produced programming. This way, the public will receive the greatest return on the introduction of the system.

The design of a program agency can of itself guarantee that the demands of the public will be satisfied. In fact, there is no evidence of broad public demand at all for the introduction of Pay TV. The agency can and should protect the public rights and ensure positive benefits to the Canadian broadcasting system and the Canadian production industry.

We would like to address those specific areas of concern set out in the Commission's notice of Public Hearing dated February 3, 1977.

(1) Pay TV programs should be commercial free and primarily of the style and character not suited to free television because of either minority interest, commercial viability and/or exorbitant cost.

(2) The agency could be supportive of Canadian creative and production resources by providing a percentage of profits to offset the limitations of a smaller national market vis-a-vis the United States and to upgrade quality which will enable Canadian productions to compete more equitably for an audience.

(3) The response to demands of Pay TV subscribers should be the responsibility of the licensed distributor in order to maintain the highest standards. Because the subscriber is paying for what he receives, there is little role for an agency in ensuring quality, but rather the agency should ensure the integrity of the distributor. Supply will determine demand.

(4) Anti-siphoning restrictions can be handled by ensuring that what appears on Pay TV is only what is not available on free television. The choice is a monetary one and Pay TV programming should not undermine the free TV system.

(5) The agency should be a Crown Corporation, publicly owned and not for profit.

(6) If broadcasters, cable licensees and program producers participate in the ownership of the agency, it would be an insidious encroachment on the public's inherent ownership of a delivery system. However, there is no reason why these people could not be directors of a publicly-owned corporation.

(7) The agency's share of revenue could be collected by Revenue Canada through taxation of the licensee.

(8) There should be no Canadian content requirements for Pay TV, but an equitable percentage of revenues should be required to be allocated to Canadian program purchasers.

WHAT DO WE CONCLUDE?

We assume that the introduction of a Pay TV system in Canada will become a working reality in the near future.

Should that be the case, Caldoba Communications will be intimately involved in the supply and production of programming.

We reiterate that Pay TV must not undermine the existing broadcasting system but rather complement it. To this extent, the agency controlling program distribution must be free from the vested interests of broadcasters and cable licensees who have already received a manifold return on their investments in the development of broadcasting technology so far, and will continue to do so. The system must be instituted for the benefit of, and at the demand of the public.

The controlling agency's mandate should be to protect the marketplace and upgrade the standards of the Canadian production industry. It must therefore be freed from the profit motive.

manitoba centennial centre CONCERT HALL

555 main street • winnipeg 2, manitoba • area code (204) 9[redacted]
R3B 1C3 956-1360

COMMENT
COMMENTAIRE
N-36

April 12, 1977.

Received - Reçu
Executive Assistant
Bureau du C of d
APR 19 1977
C.R.T.C. - C.R.T.C.

Mr. H. J. Boyle,
Chairman,
C.R.T.C.,
Berger Building,
100 Metcalfe Street,
Ottawa, Ontario.
K1A 0N2

Dear Mr. Boyle:

It is my understanding that C.R.T.C. will soon make a decision respecting pay television in Canada. It is also my understanding that many have spoken out against the concept of pay television. Those who speak against the concept of pay television do so for a variety of reasons; most of which stems from concerns that involve what is as yet unknown. I believe that many of the concerns are most definitely well founded, and I strongly believe that controls and careful scrutiny is required. If the proper kind of controls, regulations and guidelines are established for pay television, I believe that Canada can only profit by its existence.

I understand that resources can be made available to Canadian film makers through some sharing of the equity to be derived from pay television, and this is certainly an objective worth reaching for. Furthermore, if Canadian artists, technicians in the performing arts field and performing arts companies achieve greater national and international exposure, I believe we have a great deal to gain. As in any new project I am sure there will be fears, concerns and difficulties in attempting to "get it off the ground"; this however is not sufficient cause for not trying. It is my sincere hope that the C.R.T.C. will make every effort to make pay television work in Canada.

Yours truly,

John C. Walton,
Manager.

JCW:gr

COMMENT
COMMENTAIRE
1-37

Cityty
CHANNEL 79 CABLE 7

April 11, 1977.

Ms. Lise Ouimet,
Secretary General,
Canadian Radio-television and Telecommunications Commission,
85 Sparks Street,
Suite 909,
Ottawa, Ontario.
K1P 5S2

Dear Ms. Ouimet:

This letter confirms my interest in appearing before the Commission in its enquiry into the matter of Pay Television for Canada, on or about the 30th of May, 1977. My appearance will be made pursuant to the submission filed by us on the 30th of September, 1976, (as well as other briefs and proposals that CITY TV has filed over the years).

I understand that the Commission in its notice of public hearing dated February 3, 1977 invited further submissions on the issues with particular emphasis on the "form and function" of proposed Pay TV organizations; but in re-reading our material I am satisfied that the CITY TV brief focused-in on precisely these matters.

With best regards,

MOSES ZNAIMER,
President,
CITY TV,
Channel SeventyNine Limited.

Received by - Reçu par
SECRETARIAT

C.R.T.C.

MZ/es.

Channel SeventyNine Limited
99 Queen Street East
Toronto, Canada M5C 2M1
Telex 06-217678
Telephone (416) 867-7979

Télé-Métropole, Inc.
1405 RUE ALEXANDRE-DESÈVE - MONTRÉAL 133
(514) 526 9251

Le 15 avril 1977

Mademoiselle Lise Ouimet
Secrétaire général
Conseil de la radiodiffusion et
des télécommunications canadiennes,
100, rue Metcalfe,
Ottawa, Ontario

Received by - Reçu par
SECRETARIAT
APR 20 '77

COMMENT
COMMENTAIRE
1-38

C.R.T.C.

Mademoiselle,

Dans une lettre, en date du 29 septembre 1976, adressée à monsieur Harry Boyle et dont nous attachons copie, nous avons eu l'occasion de faire connaître à votre organisme la position des Associés du réseau TVA relativement à l'établissement de la télévision à péage au Canada.

Alors que le CRTC s'apprête à reconsidérer tout ce problème, nous croyons opportun, malgré tout, de vous indiquer que quelques mois supplémentaires de réflexion sur cette question, n'ont rien changé à notre attitude de base et nous estimons toujours préférable de ne pas nous impliquer dans l'élaboration d'un système de télévision à péage, et de nous opposer à son implantation au Canada.

A la lumière de tous les commentaires qui furent proposés au CRTC au cours de l'automne de 1976, nous sommes plus que jamais persuadés que la mise sur pied d'un système de télévision à péage constituerait un geste prématuré qui risque de canaliser des ressources considérables, de toutes sortes, au détriment des systèmes de radiodiffusion existants. Nous sommes, en effet,

.../2

persuadés que dans l'état actuel des choses la télévision à péage suscitera beaucoup plus de problèmes qu'elle n'en résoudra et mettra en péril la stabilité et l'équilibre de l'ensemble du système de radiodiffusion canadien. Nous sommes d'avis que la télévision à péage est la création artificielle d'intérêts particuliers reliés non à la production de programmes mais à l'exploitation financière reliée à leur distribution. A notre connaissance, la télévision à péage ne fait pas présentement et n'a jamais fait l'objet de requêtes massives de la part du peuple canadien. Elle ne répond pas à un besoin de la population. De plus, l'expérience américaine démontre clairement des carences concluantes au plan des productions utilisées pour assumer le fonctionnement de ce nouveau système.

Il va sans dire que notre principale préoccupation se situe au niveau des émissions qui seront proposées par la télévision à péage. Il nous apparait tout à fait illusoire de penser que de sa propre nature et avec les moyens mis à sa disposition, ce système de télévision à péage pourra générer un nombre suffisant d'émissions de qualité pour justifier son existence en tant que système distinct. Au contraire, il y a tout lieu de croire que pour parvenir à s'imposer et à subsister, la télévision à péage devra puiser ses ressources de programmation dans le bassin de la télévision conventionnelle, entrainant ainsi une indésirable dilution de la production canadienne des réseaux existants, une diminution progressive de l'auditoire affecté à la télévision conventionnelle, un drainage systématique et désastreux de ses ressources financières.

.../3

Mlle Lise Ouimet - CRTC
Télévision à péage - 15/4/77

Espérer, par ailleurs, que la télévision à péage devienne l'occasion tant attendue, à cause des réinvestissements actuellement projetés, de développer une industrie canadienne du long métrage suffisamment forte et productive pour, en autres choses, alimenter à rythme normal le système de télévision à péage, nous semble également être une fantaisie qu'il faut éviter d'entretenir. Par expérience, nous savons que le problème de la production culturelle à contenu canadien en est un de ressources créatrices disponibles. Les revenus potentiels de la télévision à péage affectés à la production canadienne ne changeront rien à cet état de faits. Par conséquent, plus que jamais, les productions cinématographiques étrangères et surtout américaines constitueront la principale source d'alimentation du système de télévision à péage et ce, à l'encontre des dispositions élaborées par le gouvernement fédéral et le CRTC, relativement à la consolidation du contenu culturel canadien.

En dernier lieu, permettez-moi d'ajouter un commentaire qui concerne plus directement l'ensemble des Associés du réseau TVA face à la perspective d'une quelconque participation à l'instauration du système de télévision à péage. L'édification du premier réseau privé de télévision française a mobilisé jusqu'à ce jour et continuera, au cours des années qui viennent, à mobiliser une bonne part de nos ressources financières et créatrices.

Nous sommes persuadés qu'en oeuvrant à rendre accessible le signal du réseau TVA au plus grand nombre possible de francophones et à améliorer la qualité des émissions disponibles, nous assumons pleinement nos responsabilités à l'endroit de la collectivité et de l'autorité gouvernementale qui régit nos activités.

.../4

Mlle Lise Ouimet - CRTC
Télévision à péage - 15/4/77

Toutefois, à la lumière de tous les facteurs démographiques, économiques et culturels qui sont propres à la province de Québec, et que nous n'avons pas à rappeler ici, nous en sommes venus à la conclusion qu'il était téméraire d'attendre de nous que nous menions à bien, à la fois, nos obligations à l'endroit de l'extension du réseau TVA et une éventuelle participation au projet de télévision à péage. Bref, nous estimons que le développement harmonieux du réseau TVA, exige de nous le meilleur de nos efforts et que cela est incompatible avec les impératifs multiples, inhérents à la création parallèle, d'un système de télévision à péage au Québec.

J'ose croire que ces opinions vous seront utiles. Veuillez agréer, mademoiselle Ouimet, l'expression de nos sentiments les meilleurs.

Roland Giguère

Roland Giguère,
Président et
chef de la Direction

RG/mc

Télé-Métropole Inc.
1405 RUE ALEXANDRE-DESÈVE - MONTRÉAL 133
(514) 526-9251

Montreal September 29th, 1976

Mr. Harry Boyle
Chairman,
Canadian Radio-Television and
Telecommunications Commission,
100 Metcalfe Street
Ottawa, Ontario, K1A ON2

Mr. Chairman:

Following lengthy consultations with the Associates of the TVA network, we have come to the conclusion that the Associates will not get involved, at the moment, in the creation of a pay television system in the province of Québec.

We are of the opinion that under the present guidelines and circumstances it would be almost impossible to establish a workable system.

The conditions, as presently described, create an almost unsurmountable problem for the production of programs and feature films that could stand the pressures of pay TV. It is our opinion that pay TV on a daily, weekly or monthly basis is presently impossible without feeding itself from existing television formats and productions.

Consequently, we are very concerned that if the rules of pay television as presently projected were to be changed in any way, it would surely compromise the existing broadcasting system. Pay TV, in our opinion, can exist for the time being only on a per occasion basis, feeding itself from foreign super-productions and super-events that are not in the realm of every day television. Product constitutes the main problem, and we do not think that Canada can supply the necessary productions for pay TV. Therefore, we find a basic contradiction between the general cultural goals defined by the Federal Government, the policy of the CRTC on Canadian content and the operational necessities and production requirements of a pay TV system.

.../2

We believe that it would be premature for Canada to get involved into pay TV, that more time and more studies have to be made to determine in a more precise way the field of activities of this new venture, and its immediate effects on the whole broadcasting industry and on the Canadian cultural aspirations at large.

I have already discussed at length with you the various aspects of this problem; this letter is for the record, only to confirm our position and point of view to the introduction of pay television in Canada, which, in our mind, should not be part, in the near future, of the global television picture in Canada.

Yours very truly,

Roland Giguère,
President and
Chief Executive Officer

rg/mc

PRODUCTIONS MUTUELLES LIMITÉE

MUTUAL PRODUCTIONS LIMITED

225 EST, RUE ROY

225 ROY STREET EAST

MONTREAL H2W 1M5 – (514) 845-5211

BUREAU DU PRESIDENT
OFFICE OF THE PRESIDENT

COMMENT
COMMENTAIRE
1U-39

Received by – Reçu par
SECRETARIAT

C.R.T.C.

Le 14 avril 1977

Mademoiselle Lise Ouimet
Secrétaire Général du Conseil
C.R.T.C.
100, rue Metcalfe
Ottawa, Ontario

Concerne: AUDIENCE DU 30 MAI SUR
LA TELEVISION A PEAGE

Chère Mademoiselle Ouimet,

Pour faire suite à votre lettre du 1er mars concernant l'audience du 30 mai 1977 sur la télévision à péage, j'aimerais vous confirmer que notre compagnie, Les Productions Mutuelles Limitée, souhaite comparaître devant le conseil lors de cette audience.

Vous trouverez d'autre part ci-joint nos commentaires à ce jour sur la question, tel que demandé dans l'avis d'audience.

Veuillez agréer, chère Mademoiselle Ouimet, l'expression de mes sentiments les meilleurs.

Pierre David

PD/gm

LA TELEVISION A PEAGE

LES PRODUCTIONS MUTUELLES LIMITEE

Le 14 avril 1977

En septembre 1976, nous avions soumis au Conseil un mémoire approfondi sur la télévision à péage, dans lequel nous recommandions vivement la tenue d'une audience publique sur ce sujet, afin de rassembler les personnes et organismes qui s'intéressent à la question. Nous sommes heureux que celle-ci ait lieu, et souhaitons discuter avec le Conseil à cette occasion de notre mémoire, et de différents points que nous avons eu l'occasion d'approfondir depuis la rédaction de celui-ci.

Nous sommes, en ce qui concerne la télévision à péage, partagés actuellement entre deux sentiments fondamentaux:

a) Il nous apparaît inévitable que la télévision à péage deviendra à court ou à moyen terme une réalité. Elle aura un impact énorme sur la production canadienne de documents audio-visuels, sur les habitudes des téléspectateurs et de la population en général, et sur le développement culturel du Canada Français et du Canada Anglais.

L'expérience américaine au niveau de la croissance est concluante... En six mois, le nombre d'abonnés à la télévision à péage est passé de 794,360 (30 juin 1976) à 1,029,259 (31 décembre 1976). Quand on pense qu'ils n'étaient que 16,000 en 1973! Le Stanford Research Institute en prévoit 16,200,000 en 1985!

Nous ne pouvons accepter l'objection qui voudrait que le public ne demande pas l'introduction de la télévision à péage. Comment voudrait-on qu'il réclame ce qu'il ne connait pas? Donnons-lui la possibilité d'en faire l'expérience, avant de décider pour lui qu'il n'en ressent pas le besoin.

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Il est primordial que l'installation de la télévision à péage au Canada se fasse dans l'ordre, et suivant une planification rationnelle, car très rapidement, sinon, on fera face à la prolifération de systèmes locaux en circuits fermés, à l'envahissement de systèmes STV en provenance des Etats-Unis, à l'installation de systèmes provinciaux, etc...

b) D'autre part, en raison même de l'importance que revêt la télévision à péage, il convient de prendre un maximum de précautions pour que son installation au Canada soit un succès.

Des écueils nombreux existent à tous les stades de l'établissement du sytème, et des solutions devront être trouvées pour maximiser les avantages et minimiser les inconvénients.

Mais il ne fait pas de doute qu'il faudra procéder avec prudence, car des faux pas pourraient faire un tort considérable à ceux-là même auxquels la télévision à péage veut profiter.

Dans les grandes lignes, nous maintenons les différentes propositions qui sont contenues dans notre mémoire de Septembre 1976.

Nous désirons cependant y ajouter les différents points suivants, que nous avons étudiés et auxquels nous avons réfléchi depuis la remise de notre mémoire. Ces points correspondent en grande partie aux questions soulevées dans l'avis d'audience.

Il nous apparaît évident qu'il faut développer, au Canada, une nouvelle force, un nouveau générateur de productions audio-visuelles, en dehors des grands bassins de production que sont l'Office National du Film, la Société Radio-Canada et les réseaux privés de télévision.

Bien sûr, il existe plusieurs maisons spécialisées dans la production audio-visuelle pour la télévision, mais celles-ci doivent, pour la plupart du temps, lutter pour survivre au jour le jour, à la merci des réseaux de télévision et des ventes à l'étranger, difficiles et incertaines.

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D'ailleurs, Hugh H. Edmunds recommandait récemment dans son rapport sur l'industrie de la production indépendante que le Gouvernement Fédéral établisse une agence gouvernementale de prêts pour le financement de programmes produits par des producteurs indépendants, par le biais de prêts directs ou de garantie de prêts.

Grâce à la télévision à péage, une réunification des énergies et des compétences pourra permettre l'essor harmonisé de ces maisons indépendantes qui sont autant de garanties du développement culturel du Canada.

Le réseau de télévision à péage devra évidemment s'appuyer sur des émissions locomotives, qui assureront l'adhésion du téléspectateur. Celles-ci étant acquises, il y aura place à l'innovation, à l'expérimentation, tant dans le domaine du cinéma, que dans celui des séries, des "spéciaux", etc... Il faudrait arrêter de penser que les réseaux de télévision détiennent le monopole des idées et de la création, et que la télévision à péage devra s'approvisionner aux sources de la télévision traditionnelle. Notre démarche est tout autre, et c'est là qu'il nous apparaît indispensable de générer un nouveau bassin de création et de production.

De plus, au lieu de faire appel, comme les réseaux de télévision, à des créateurs "de la maison", la télévision à péage devrait s'alimenter totalement à l'extérieur, et ce en fonction de projets établis bien à l'avance, afin de favoriser ce développement harmonisé et motivant de centres de création indépendants et différents. Cette nouvelle technologie qu'est la télévision à péage doit développer en même temps sa forme d'Art!

Face à la télévision traditionnelle, dans laquelle on voit se développer une uniformité grandissante au niveau des programmes, il y a place pour une diversification dans l'éventail des droits à offrir, parallèle à la diversification des intérêts du public.

> On n'a qu'à constater l'augmentation du nombre de téléviseurs par maison en Amérique du Nord pour constater que dans une famille donnée, les membres de celle-ci désirent des possibilités de droit différentes. La télévision à péage constitue l'un d'entre eux.

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Par contre, nous recommandons qu'en dehors de cas très particuliers, les cablodistributeurs ne soient plus eux-mêmes producteur de programmes... Malheureusement, trop souvent les émissions produites par ceux-ci sont d'une qualité très inégale et nous semblent plus ou moins inutiles. Il serait préférable que les énergies dépensées en ce domaine soient réacheminées dans la télévision à péage, tandis que les cablodistributeurs concentreraient leur action dans la livraison des signaux.

Lorsque le Ministre parle d'émissions destinées au Marché International, cela nous semble être un faux problème. Il est évident que tout producteur a en tête l'exportation de son film, de sa série, de son "spécial" à l'étranger. En lui assurant une base de diffusion élargie par le biais du réseau de télévision à péage, celui-ci pourra produire ou même coproduire avec un autre pays des émissions de calibre plus important, qui dépasseront les frontières du Canada et sauront intéresser l'étranger.

Dans notre mémoire, nous avons traité de la programmation que nous envisagions pour le réseau de télévision à péage, et nous y reviendrons lors de l'audience.

En ce qui concerne le détournement d'émissions ("siphoning"), ce problème ne nous apparaît pas aussi grave que d'aucuns semblent le croire. D'ailleurs, la Cour d'Appel des Etats-Unis vient d'abonder dans ce sens, puisque le 25 mars 1977 elle a déclaré qu'il devait d'abord y avoir détournement pour qu'on puisse dire qu'il existe! La cour a décidé que tous les règlements établis par la F.C.C. pour les films et les sports doivent être abolis.

De vouloir, comme nous le désirons plus haut, limiter les sources de programmation à celles qu'utilisent actuellement et de la même façon les réseaux de télévision serait préjuger des capacités de création et d'innovation de ceux qui auront à diriger le réseau de télévision à péage au Canada. Evidemment, il y aura compétition en certaines occasions, mais ce ne devrait pas être général et sur toute la ligne.

Ainsi, dans le domaine du long-métrage, la télévision à péage introduira une nouvelle étape dans l'exploitation des films. Entre le cinéma et le réseau non-commercial, il y aura la télévision à péage, avant la télévision traditionnelle et la ré-édition. Ce n'est pas du détournement, c'est tout simplement l'introduction d'un nouvel élément dans

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l'utilisation séquentielle du produit. Il en sera de même très bientôt avec le vidéodisque!

La télévision à péage au Canada devra viser à garantir le succès de l'équation "qualité - intérêt - rentabilité". Si elle y parvient, ce sera sans peine qu'elle convaincra le téléspectateur à verser huit dollars par mois.

Lorsque l'Agence sera mise sur pied, elle devra s'insérer, comme nous l'avons longuement souligné dans notre mémoire, dans le contexte d'un plan global de développement de l'industrie du long-métrage et de la série-télévision au Canada. Une formule de collaboration très étroite avec la SDICC devra donc être mise au point, car l'Agence et la SDICC seront les moteurs de base, avec l'industrie privée, de cette relance du long-métrage canadien qui est indispensable.

Dans notre mémoire, nous soulignions qu'à notre avis, la SDICC devrait demeurer uniquement dans le secteur du long-métrage. Nous ré-évaluons ce point, et nous demandons s'il ne serait pas souhaitable,que sans puiser à même les fonds destinés au long-métrage, celle-ci ne puisse pas s'intéresser aussi à la série-télévision. Il conviendrait à ce moment de bien délimiter ses objectifs pour que le mandat original de soutien au long-métrage ne soit pas faussé.

Nous avons parlé plus haut des possibilités qui existent de provoquer au Canada la naissance de véritables nouveaux bassins de création. La télévision a péage sera une garantie de développement pour ceux-ci, car elle devra, dans des proportions de contenu canadien suggérées dans notre mémoire, s'y alimenter... (30% la première année, 40% la deuxième, et 50% la troisième).

En ce qui concerne la structure, la composition et le fonctionnement de l'Agence proposée, nous avons expliqué dans notre mémoire comment nous envisagions les choses.

Il ne nous semble donc pas nécessaire de reprendre ici ces différents points, déjà couverts. Il nous semble cependant particulièrement important de réaffirmer qu'à notre avis, l'une des garanties de succès du

réseau de télévision à péage réside dans le fait que celui-ci soit créé et administré par les cinq partenaires que nous suggérons, Gouvernement, Télédiffuseurs, Cablodistributeurs, Producteurs et Distributeurs.

Ceci résume nos commentaires pour l'instant et sans doute que nous voudrons les compléter lors de notre comparution devant le Conseil.

STUART MacKAY

May 4, 1977

Ms. Lise Ouimet
Secretary General, C.R.T.C.

Dear Ms. Ouimet,

Further to our brief of April 15th re Pay Television, I just noticed upon reading this submission again that a line had been missed on page 2 in the original mailing.

Therefore, enclosed please find a corrected copy of page 2. (I have indicated the previous omission with a pencilled arrow).

My apologies for any inconvenience.

Yours sincerely

COMMENT
COMMENTAIRE
ADD To 2-40

(Miss) Dori Gospodaric
Secretary to Stuart MacKay,
President, Selkirk Holdings Limited

cc: Mr. Harry J. Boyle

Received by - Reçu par
SECRETARIAT

C.R.T.C.

SELKIRK HOLDINGS LIMITED

becomes authorized as pay cable or subscriber television, something is going to have to give. We suggest the viewing alternative that will lose is the one that with increased variety of viewing choices always loses: Canadian programming and local service.

Although in our first brief we asked the Commission to move cautiously towards authorizing pay television, we recommended that whenever it is inaugurated, the Canadian model should be devoted to primarily Canadian products. Otherwise, we asked, why bother with the exercise at all?

The Commission by its February 24th Public Notice has invited additional submissions on pay television and further comments from persons who previously filed a submission. We are pleased to do so now. By way of identification, this letter is submitted on behalf of Selkirk Holdings Limited, CHCH-TV, Hamilton, and CFAC-TV Calgary. And by way of introduction, we want to re-affirm the observations, attitudes and concerns which were expressed in our first submission. As an extension to that we would now like to comment on some of what the Commissio identified as specific areas of concern.

FORM

- The form, or mode, of pay television most feasible for Canada, it seems to us, is pay television via a dedicated channel on cable.

- This is sometimes referred to as "pay cable".

- Since 50% or more of all Canadian homes now subscribe to cable and probably more than 70% could if they chose to, because cable passes by their homes or apartments, the use of cable as the vehicle for pay television is the most logical and economical system.

- It would require another one or more channels in addition to the basic service now supplied by Canadian cable operators to their subscribers.

- The additional capital cost of providing this additional service will be minimal.

FEE

- A separate, additional fee will be charged for the pay cable service.

- Initially - for how many years we don't know at this time - the additional fee will be charged to and paid by every cable subscriber.

SELKIRK HOLDINGS LIMITED
EXECUTIVE OFFICES

J. STUART MACKAY
PRESIDENT

SUITE 710
102 BLOOR STREET WEST
TORONTO 5, ONTARIO
TELEPHONE 924-3369

COMMENT
COMMENTAIRE
N-40

April 15, 1977

Canadian Radio-television and
Telecommunications Commission
100 Metcalfe Street
Ottawa, Ontario K1A 0N2

Received by - Reçu par
SECRETARIAT
APR 20 1977
C.R.T.C.

Attention: Ms. Lise Ouimet,
Secretary General

Re: Pay Television

Dear Sirs

In our first submission to the Commission on this subject, which took the form of a comment on the introduction of pay television and its effect on the Canadian broadcasting system, we expressed the view - perhaps the unpopular view - that what Canada doesn't need is "more of the same", especially patterned after a U.S. model. We also expressed sincere doubts that the need for or urgency to move immediately into pay television was a clear-cut case that a number of pay television proponents suggested it was, particularly by such groups as Pay Television Network.

An economics analyst recently wrote that the television industry, including Canada's, appeared to have too many irons in the fire at one time for its own good. Another good observation , and one worth remembering, was made by the analyst observing that "although both the leisure time and discretionary income of consumers is increasing steadily, there are quantitative limits on each of these". He asked, and the Commission should ask as well, just how much of the average consumer's leisure time and discretionary income is he prepared to spend on television in some form or other? In the analyst's view, it is most unlikely that the average viewer can be persuaded into increasing and the demands of daily living strictly limit the hours available for viewing. One must conclude that if the number of viewing hours remains relatively constant for the average viewer but the number of viewing alternatives increases substantially, which is what happened when cable changed Calgary from a two station market into a seven or eight station market, or when pay television

becomes authorized as pay cable or subscriber television, something is going to have to give. We suggest the viewing alternative that will lose is the one that with increased variety of viewing choices always loses: Canadian programming and local service.

Although in our first brief we asked the Commission to move cautiously towards authorizing pay television, we recommended that whenever it is inaugurated, the Canadian model should be devoted to primarily Canadian products. Otherwise, we asked, why bother with the exercise at all?

The Commission by its February 24th Public Notice has invited additional submissions on pay television and further comments from persons who previously filed a submission. We are pleased to do so now. By way of identification, this letter is submitted on behalf of Selkirk Holdings Limited, CHCH-TV, Hamilton, and CFAC-TV Calgary. And by way of introduction, we want to re-affirm the observations, attitudes and concerns to that we would now like to comment on some of what the Commission identified as specific areas of concern.

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- It would require another one or more channels in addition to the basic service now supplied by Canadian cable operators to their subscribers.

- The additional capital cost of providing this additional service will be minimal.

FEE

- A separate, additional fee will be charged for the pay cable service.

- Initially - for how many years we don't know at this time - the additional fee will be charged to and paid by every cable subscriber.

- In other words, every cable home would receive pay cable and would pay extra for it.

- The amount of the extra fee would, like other basic cable fees, be set by the Commission as the licencing authority.

- As a condition of the cable operator's licence from the Commission as a broadcasting receiving undertaking, the extra pay cable fee would be levied and collected by each individual cable operator only as a carrier of the basic cable and the pay cable services.

PAY CABLE PROGRAMMING AGENCY

- Not more than one, possibly two, pay cable programming agencies (Agency) should be licenced nationally. If there were two, one could be for English and the other for French programming.

- No local or regional cable agencies are needed nor should be granted.

- Referring to English programming on pay cable (and for the rest of this letter our comments will be confined to English programming) there should be no permitted exhibition on pay cable of American feature films, of series programs, of advertising or of sporting events that are being, or have been, carried by conventional television or cable television broadcasters.

- In other words, very clearly defined anti-syphoning rules would be written and imposed plus - at least during the formative years of pay cable - a total ban on U.S. feature films.

RECEIPT AND DISBURSEMENT OF PAY CABLE REVENUES

- The entire extra fee generated from pay cable's service would be paid to the programming Agency.

- The Agency, in turn, would pay the cable operators the tariff prescribed by CRTC for the carriage of pay cable service.

- This tariff would be calculated to cover the real extra cost of carriage, but not a profit.

- The programming Agency, into which all pay cable revenues would flow, would be incorporated federally as a non-profit making corporation.

- Revenues would be disbursed to pay the cable operators for carriage as we mentioned previously; the overhead of the programming Agency; and, primarily, the acquisition of programming for pay cable.

PROGRAMMING

- Initially, there wouldn't be much original programming available.

- We suggest for consideration that the backbone of programming on the pay cable channel at the beginning could be the Public Broadcasting System from the U.S.

- Once Canadian production got underway, increasingly more and more original Canadian programming would become available and dependence on P.B.S. would wane.

- Eventually, the new types of programming on pay cable should include a balance of Canadian feature films and documentaries; and drama, sports, educational and other entertainment programs which are not otherwise offered by the conventional services.

- The proportion of broadcast time devoted to each kind or category of program would have to be carefully considered by the programming Agency and the Commission.

- Rather than regard these proportions as quotas - a term that carries negative connotations - they should be regarded as opportunities that never before existed for producers and participants.

- And since the programming Agency will not operate for its own financial gain, the beneficiaries will be Canadian creative and production resources which pay cable will be encouraging by providing the production funds and a showcase.

- With good product and good service, the public will benefit as well.

- With a guaranteed revenue base, the programming Agency should have no difficulty raising from conventional financial sources, as loans against future receipts, the funds needed to immediately begin Canadian production before any subscription revenue comes in.

RESPONSIVE TO SUBSCRIBERS

- The Commission asked how such an agency could respond to national and regional demands of pay television subscribers. In our opinion, there are no startling demands except for better programs and more choice which is precisely what we propose must be provided, if anything is, in any pay television model.

- For this model to function consistently within the objectives of the Canadian Broadcasting System and of all those, both inside and outside the broadcasting system who are involved in news gathering/entertainment/information systems, the pay television model should become totally Canadian as quickly as possible, not later than three years after start-up.

COMPOSITION OF PROGRAM AUTHORITY

- Since this proposal calls for the programming Agency to be a non-profit making company in its own right, nothing should prevent broadcasters, cable licensees and program producers from participating if they want to.

- Under these circumstances, they may not want to.

- But without doubt, the Agency would benefit from a cross-section of viewpoints and experiences.

- Therefore the CRTC may want to consider establishing a policy board with required representation from conventional television and cable television operators.

- The policy board would invite participation by representation from performers' union(s), producers' organizations, distributors' associations and provincial governments who want to participate at the policy level in the Agency.

- Each interest group would be entitled to a predetermined proportion of voting rights in the Agency.

- The administration branch of the programming Agency would operate with full-time staff reporting and responsible to the policy board.

CONCLUSION

- We have made no attempt in this letter to articulate any precise blueprint for introducing or operating a successful pay television system in Canada.

- To do so would be more than presumptuous on our part and we, no more than any other interested and concerned citizen, cannot say with certainty that there is only one road or that we have the vehicle and a certifiably accident-free driver.

- What we are certain of is that pay television does not represent just one more little square in the crazy-quilt fabric of the Canadian communications system.

- If not intelligently conceived in the first place as probably one of the last chances we'll have to afford specialty interest programming (as distinct from most television/cablevision fare which of necessity is majority interest oriented), and if not carefully and considerately directed to perform in a thoroughly Canadian model, not for private profit but for public gain, then the entire system will stand in jeopardy.

Yours sincerely

Stuart MacKay

Stuart MacKay
President

SM/dmg

cc: Mr. Harry J. Boyle

FILM HOUSE

A Division of SCP Producer's Services Limited

22 Front Street West
Toronto, Ontario
M5J 1C4
(416) 363-4321

April 13th, 1977.

Mr. Guy Lefebvre
Canadian Radio Television
and Telecommunications Commission
Berger Building
100 Metcalfe St
OTTAWA Ontario K1A 0N2

C.R.T.C.
COMMENT
COMMENTAIRE
N-41

Dear Mr. Lefebvre:

PAY TELEVISION HEARING - MAY 30, 1977

In response to the Commission's call for comments prior to the May 30 Pay Television Hearing, I would like to register my personal concern and the concern of my company, that the issue of pay television should be handled as expeditiously as possible following the May 30 hearing.

We believe that pay television, if implemented properly, can provide a tremendous benefit to the Canadian independent production community.

We feel, however, that it is essential that PTN Pay Television Network Limited or the agency that is investing in Canadian productions be given the opportunity to run on a sound business-like basis. The sole criterion for investing in Canadian films or Canadian productions should be the test of marketplace acceptance.

We would be pleased to elaborate on our hopes and concerns for pay television if the Commission so wishes.

Yours very truly,

FILM HOUSE

N. D. Macdonald
President

Association of Canadian Television and Radio Artists, 105 Carlton Street, Toronto, Ontario M5B 1M2 (416) 363-6335

April 14, 1977

Received by - Reçu par
SECRETARIAT

APR 20 '77

Mr. Guy Lefebvre,
Secretary General (Public Hearings),
Canadian Radio-Television
and Telecommunications Commission,
100 Metcalfe Street,
Berger Building,
Ottawa, Ontario
K1A ON2

COMMENT
COMMENTAIRE
C.R.T.
N-42

Dear Mr. Lefebvre:

Enclosed please find twenty (20) copies of ACTRA's submission to the CRTC on Pay Television.

Please consider this letter as a request for ACTRA to appear at the public hearing in support of this brief.

Yours sincerely,

Paul Siren
General Secretary

PS/mc

Encls.

BRIEF

to

CANADIAN RADIO-TELEVISION AND TELECOMMUNICATIONS COMMISSION

on

PAY-TV

submitted by

ASSOCIATION CANADIAN TELEVISION AND RADIO ARTISTS
(ACTRA)

April 14, 1977

The Notice of Public Hearing on Pay Television dated February 3, 1977, received from the Canadian Radio Television and Telecommunications Commission, in asking each of its questions presumes that pay television will be established in Canada.

In our view the Commission should be asking "should Pay-TV for public consumption be introduced into the Canadian broadcasting system at all?".

When we compare the recent Notice with the conclusions of the Commission in respect of its June 1975 Hearings on the same subject, we must ask ourselves "what, or who, is forcing the issue based on an acceptance of the inevitable, and why?".

We cannot accept that political expediency is sufficient reason to undermine a broadcast system that was designed to represent Canada to Canadians.

Part I, Section 2(b) of the Broadcasting Act reads as follows:

> "(b) the Canadian broadcasting system should be effectively owned and controlled by Canadians so as to safeguard, enrich and strengthen the cultural, political, social and economic fabric of Canada;"

Is there a legitimate public demand?

The recent Gallop Poll on Pay-TV suggests that the majority of the public isn't even mildly interested.

"The Poll showed 47% not interested, and 25% 'not too interested'. The question was:

> 'There has been considerable talk recently about pay television - where you would pay to watch such things as first-run movies without commercial interruption.
>
> It's pretty hard to tell yet, but how interested do you think you might be in pay television - very interested, quite interested, not too interested, or not at all interested?'

	Very	Quite	Not Too	Not at All	Don't Know
NATIONAL	8%	16%	25%	47%	4%
Region:					
Atlantic	3	9	33	41	13
Quebec	10	14	18	54	4
Ontario	9	16	25	47	3
Prairies	7	18	31	40	4
B.C.	6	22	29	40	3

Cont'd.....2

	Very	Quite	Not Too	Not at all	Don't Know
Age:					
18 to 29 years	13	19	24	41	3
30 to 49 years	6	19	25	46	4
50 years and over	6	10	25	53	6
Sex:					
Male	9	18	23	45	4
Female	7	14	27	48	4

We are firmly convinced that the impact of Pay-TV on the existing Canadian broadcasting system can only be negative and destructive.

Inevitably audiences must be further fragmented; and the objectives defined in the Broadcasting Act will be further undermined.

We say this because we believe that Pay-TV must inevitably respond to public demand at the box office. It is regrettable that the experience to date indicates that the Canadian public has been so conditioned by the Hollywood collossus (that multi-billion dollar U.S. cultural industry), that the fledgling Canadian industry wouldn't have a ghost of a chance to develop. The end result is a further erosion of the opportunity for Canadian creative resources to have access to the potential audience.

The situation with audiences at the moment is that approximately 20% watch Canadian programs in some cities.

The Toronto Star's Jack Miller recently did a survey based on B.B.M. and Neilson's ratings. The article read in part:

> "On the CBC National network, between 7 and 11 p.m., although almost two-thirds of the programs were Canadian they accounted for only 42.5 per cent of the viewing, the Americans taking the other 57.5 per cent.
>
> On CTV in the same period, just under 21 percent of the viewing went to Canadian shows, and just over 79 per cent to American.
>
> Those were national patterns. In the Toronto area, where there are more Canadian shows available because of the Global Network, CITY-TV, OECA's educational service and Hamilton's CHCH-TV, the picture was worse, this despite the fact that Toronto has the blockbuster Wednesday-night National Hockey League (NHL) games on Channel 9, which are not carried nationally by CTV.
>
> Toronto-area total viewing from 7 to 11 p.m., including all of the Canadian and U.S. stations available, worked out to 18 per cent Canadian and 82 per cent American. And of that 18 per cent of the time the audience gave to Canadian shows, almost half was accounted for by the Wednesday and Saturday night NHL games. Without them, it would have been 10.3 per cent Canadian. In the off-season we usually get movies in the hockey spots, which would tip the balance even more to Hollywood, giving it over 90 per cent of our attention."

Cont'd.....3

The CRTC analysis quoted only one positive response from the previous enquiry, that being from the cable industry. And why not? The cable industry sees itself as the most likely carrier of Pay-TV. It sees itself as the inheritor of the mint.

What has cable done for Canada so far? It has brought a surfeit of American programming to Canadians. It has done so without payment of royalties; without any benefit to the American creators of those programs; to the detriment of the off-air Canadian broadcasting system; and without supplying one penny of support for Canadian programming.

Is it going to change? Not if the cable industry can help it!

The real question that must be answered at this time should be: "How can we re-define or rationalize the existing elements which comprise the Canadian broadcast system to ensure the type of system envisioned in the Broadcasting Act?

Those elements are the CBC, CTV, Global, private independent TV stations, private radio stations (AM and FM) and cable.

The most significant change that comes to mind is that cable systems should become a common carrier, and that excess revenues therefrom should be dedicated to the development of Canadian programming.

It is our concerned opinion that this question must be responded to before any consideration can be given to the establishment of a further element, whose influence at this time cannot in any way be deemed to be complimentary. Our response is that any licence to carry or transmit Pay-TV signals should be limited to places of public resort such as hotels.

Finally, we would repeat what we have said to the Commission before: "What this country needs least of all is another outlet for American programs!".

Respectfully submitted,

Donald R. Parrish

Donald R. Parrish
National President

/mc

Association des Propriétaires de Cinémas du Québec Inc.
Association of Cinema Owners of Quebec Inc.

Montréal, le 29 avril 1977

Received by - Reçu par
SECRETARIAT

MAY 9 1977

C.R.T.C.

COMMENT
COMMENTAIRE
GDD To N-43

Mademoiselle Louise Cuinet
Conseil de la Radio et
Télévision Canadienne,
100 rue Metcalfe
Ottawa.

Mademoiselle ,

Voici l'extrait de résolution appuyant le mémoire

Il est proposé par M. PIERRE RENE et secondé par M. GUY COUTLARD que le mémoire sur la " T.V. A PEAGE " soit approuvé et adopté à l'assemblée générale de l' Association des Propriétaires de Cinémas du Québec Inc. et que le président M. CLAUDE TREMBLAY soit autorisé à le soumettre au C.R.T.C. et à comparaître si il y a lieu devant une commission désignée a cet effet.

ADOPTE
Extrait du livre de délibération
d'une assemblée générale annuelle,
tenue à Montréal, le 20 avril 1977

Vraie copie.

Thomas Cleary

THOMAS CLEARY
Secrétaire-executif
de l ' A.P.C.Q.

3720 VAN HORNE, SUITE 4 & 5 MONTREAL, H3S 1R8 TELEPHONE: 738-2715

Montréal, 13 Avril 1977

Mademoiselle Louise Ouimet,
Conseil de la Radio &
Television Canadienne,
100 Rue Metca'fe,
Ottawa.

COMMENT
COMMENTAIRE
N-43

Received by - Reçu par
SECRETARIAT
Apr 22 '77
C.R.T.C.

Mademoiselle,

Faisant suite à une conversation téléphonique avec Mme Aghar, je vous fais parvenir deux (2) copies d'un mémoire sur la télévision à péage que vous voudrez bien transmettre aux personnes intéressées.

Je vous ferai parvenir également l'extrait de résolution appuyant ce mémoire.

Je me ferai un plaisir d'aller expliquer ce mémoire et de comparaitre s'il y a lieu devant une commission assignée à cette fin.

Daignez accepter, Mademoiselle, mes salutations les plus distinguées,

Claude Tremblay, président
Association des Propriétaires
de Cinéma du Québec,
3720 Van Horne, suite 4 & 5,
Montréal. P.Q.

MEMOIRE PRESENTE AU

CONSEIL DE LA RADIO-TELEVISION CANADIENNE

PAR

CLAUDE TREMBLAY, PRESIDENT DE L'APCQ

SUR LA TELEVISION A PEAGE AU CANADA.

ce 13 avril 1977

Ce mémoire est appuyé par l'Association des Propriétaires de cinémas de la Province de Québec qui représente les propriétaires de cinémas suivants:

LOCALITE:	CINEMA:
ALMA	Alma
ALMA	Canadien
AMOS	Amos
AMOS	Royal
AMQUI	Figaro
ANSE ST JEAN	Laliberté
ARMACK	Etoile
ARVIDA	Palace
ASBESTOS	Asbestos
ALMA	+Jeanneau
AMQUI	+Amqui
BAGOTVILLE	De la Base
BAGOTVILLE	Saguenay
BAIE COMEAU	Festival
BAIE ST PAUL	Clarence
BAIE ST PAUL	Laurentien
BARRAUTE	Barraute
BEAUCEVILLE	Beauceville
BEAUCEVILLE	Rex
BEAUHARNOIS	Capitol
BEAUPORT	Montmorency
BEAUPORT	Centre
BEAUPRE	Chevalier de Colomb
BELOEIL	Beloeil
BERTHIERVILLE	Metro
BERTHIERVILLE	Royal
BLACK LAKE	Lyric
BOURLAMAQUE	Capitol
BRYSON	Bryson
BUCKINGHAM	Buckingham
BEAUPORT	+Beauport
BOUCHERVILLE	+Boucherville
BOUCHERVILLE	+Odéon
BROMONT	+Bromont
CABANO	Royal
CAP-DE-LA-MADELEINE	Champlain
CAPLAN	Victoria
CAPLAN	Caplan
CARLETON	Carleton

.../1.1

LOCALITE:	CINEMA:
CAUSAPASCAL	Canadien
CHAMBLY	Chambly
CHANDLER	Chandler
CHARLEMAGNE	Charlemagne
CHAPAIS	Royal
CHIBOUGAMAU	Marcel
CHIBOUGAMAU	Vimi
CHICOUTIMI	Capitol
CHICOUTIMI	Cartier
CHICOUTIMI	Impérial
CHICOUTIMI	Place Royaume
COATICOOK	Opéra
CONTRECOEUR	Rex
COWANSVILLE	Princess
CHATEAUGUAY	+Châteauguay
CAP-AUX-MEULES	+Madelino
CHICOUTIMI	+Saguenay
DISRAELI	Disraeli
DOLBEAU	Météore
DOLBEAU	Plaza
DONACONA	Royal
DORION	Dorion
DORVAL	Dorval
DRUMMONDVILLE	Heriot & Lindsay
DRUMMONDVILLE	Drummond
DRUMMONDVILLE	Royal
DRUMMONDVILLE	+Drummond
DOLLARD DES ORMEAUX	+Dollard
DELSON	+St-Mathieu
EAST BROUGHTON	Perro
FARNHAM	Rialto
FERME NEUVE	Ferme Neuve
FERMONT	Rio
FORT COULONGE	Fort
FORT COULONGE	Lyn
FORESTVILLE	Carol
GASPE	Colombien
GASPE	Plaza
GATINEAU	Laurentien
GENTILLY	Gentry
GRANBY	Palace
GRANBY	Le Plaza
GRANBY	Galeries
GRANDE RIVIERE	Grand
GRAND'MERE	Palace
GREENFIELD PARK	Greenfield Park
GRENVILLE	Laurentien
GATINEAU	Gatineau
GATINEAU	+Templeton
GRAND'MERE	+Laviolette
HAUTERIVE	Hauterive
HAVRE ST PIERRE	Capri

.../1.2

LOCALITE:	CINEMA:
HUDSON	Royal
HULL	Cartier
HULL	Cinéma de Paris
HULL	Pussycat
HULL	Vendome
HULL	L'amour
JOLIETTE	Joliette
JOLIETTE	Le Studio
JOLIETTE	Vénus
JONQUIERE	Bellevue
JONQUIERE	Centre
JOLIETTE	+De Lanaudière
KENOGAMI	Elysée
LABRADOR CITE	Royal
LAC ETCHEMIN	Royal
LACHUTE	Lachute
LAC MEGANTIC	Mégantic
LA GUADELOUPE	Royal
LA MALBAIE	Centre Récréatif
LAMBTON	Lambton
L'ANONCIATION	Capri
LAPRAIRIE	Royal
LA SALLE	Québécois 4
LA SARRE	La Sarre
LA TUQUE	Empire
LAVAL	Chomedey
LAVAL	Garden
LAVAL	Laval
LAVAL	Viau
LE BEL	Lebel
L'EPIPHANIE	Royal
LEVIS	Lido
LONGUEUIL	Le Charlot
LONGUEUIL	Longueuil
LONGUEUIL	Oméga
LORRAINVILLE	Français
LOUISEVILLE	Royal
LAVAL	Centre 2000
LAVAL	+Laval
MACAMIC	Réjean
MALARTIC	Royal
MANIWAKI	Azur
MATAGAMI	Centre
MATANE	Ciné West
MATANE	National
MONT JOLI	Bon Cinéma
MONT JOLI	Royal
MONT LAURIER	Laurier
MONT LAURIER	Laurentien
MONT LOUIS	Riviera

.../1.3

LOCALITE:	CINEMA:
MONTMAGNY	Taché
MONTMAGNY	Lafontaine
MONTREAL	Bijou
MONTREAL	Chevalier
MONTREAL	Desjardins
MONTREAL	St-Denis
MONTREAL	Pierrot
MAGOG	Magog
MISTASSINI	Orphéum
MONTREAL	Apollon
MONTREAL	Centre
MONTREAL	Electra
MONTREAL	Eve
MONTREAL	Midi-Minuit
MONTREAL	Atwater
"	Berri
"	Carrefour
"	Champlain
"	Crémazie
"	Dauphin
"	Mercier
"	McLaren
"	Place du Canada
"	Villeray
MONTREAL	Côte-des-Neiges
"	Bonaventure
"	Vendôme
"	Arlequin
"	Avenue
"	Château
"	Claremont
"	Eros
"	Kent
"	Loew's
"	Monkland
"	Palace
"	Papineau
"	Parisien
"	Pigalle
"	Place Ville Marie
"	Rivoli
"	Séville
"	Snowdon
"	Van Horne
"	Versailles
"	Cinéma
"	York
"	Maisonneuve
"	Canadien
"	Cinéma de Paris
"	Festival
"	Fleur de Lys

.../1.4

LOCALITE:	CINEMA:
MONTREAL	Jean-Talon
"	Plaza
"	Cinéma V Rouge
"	Hermas
"	Beaver
"	Broadway
"	Commodore
"	Côte St-Luc
"	Crystal Palace
"	Elysée 1 - 2
"	Empire
"	Flick
"	Majestic
"	Montréal
"	National
"	Outremont
"	Paradis
"	Piccadilly
"	Pussy Cat
"	Québécois
"	Régal
"	Carré St-Louis
"	Rialto
"	Rio
"	Ritz
"	Riviera
"	La Scala
"	Cinéma 539
"	7è Art
MURDOCKVILLE	Paramount
MARIA	+Gaspésien
MONTMAGNY	+Montmagny
NAPIERREVILLE	Palais
NEWPORT	Lido
NICOLET	Gala
NORMANDIN	Le Foyer
NORANDA	Du Cuivre
NORMATAL	St-Louis
NOTRE-DAME-DU-LAC	Centre
NOTRE-DAME-DU-NORD	Idéal
NOUVILLE	Détente
PLESSISVILLE	Colonial
PLESSISVILLE	Plessis
POINTE AU PIC	Casino
POINTE-CLAIRE	Fairview
PONT ROUGE	Centre
PORT DANIEL	Port Daniel
PORT DANIEL	Paspébiac

.../1.5

LOCALITE:	CINEMA:
QUEBEC	Capitol
"	Empire
"	Lairet
"	Place Québec
"	Bijou
"	Cinéma de Paris
"	Pigalle
"	Frontenac
"	Dauphin
"	Midi-Minuit
"	Cartier
"	Canardière
REPENTIGNY	Marseille
RIGAUD	Vimy
RIMOUSKI	Auditorium
RIMOUSKI	Cartier
RIMOUSKI	Cinéma "4
RIVIERE AU RENARD	Cartier
RIVIERE DU LOUP	Capitol
RIVIERE DU LOUP	Princesse
ROBERVAL	Diana
ROUYN	Capitol
ROUYN	Montcalm
ROUYN	Paramount
ROUYN	Rouyn
RIMOUSKI	+Bas St-Laurent
REPENTIGNY	+De Repentigny
RIVIERE DU LOUP	+Grand Portage
RIVIERE AU DORE	St-Félicien
ST ALEXIS	Royal
ST ANDRE AVELIN	Royal
ST BASILE	St-Basile
ST CASIMIR	Chevaliers de Colomb
ST CESAIRE	Boîte-O-Film
ST CHARLES	Alouette
ST CHARLES DE CAPLAN	Royal
ST DAMIEN	St-Damien
ST DONAT	Jano
ST EUSTACHE	St-Eustache
ST FELICIEN	St-Félicien
ST FELIX DE VALOIS	St-Félix
ST GABRIEL DE BRANDON	Brandon
ST GEDEON	Frontenac
ST GEORGES	St-Georges
ST GEORGES	Vimy
ST GEORGES DE BEAUCE	Royal
ST HYACINTHE	Maska
ST HYACINTHE	Cinéma de Paris
ST JEAN	Capitol
ST JEAN	Impérial
ST JEAN	Boîte-à-Film
ST JEAN PORT JOLI	Port Joli

.../1.6

LOCALITE:	CINEMA:
ST JEROME	Carrefour
ST JEROME	Du Nord
ST JEROME	Rex
ST JOSEPH	Marquette
ST MARTIN	Bellevue
ST MICHEL DES SAINTS	Alouette
ST MICHEL	St-Michel
ST PACOME	Louise
ST PASCAL	Duchesse
ST RAYMOND	Alouette
ST REMI	Capitol
ST ROMUALD	St-Romuald
ST TITE	Rhéo
STE ADELE	Pine
STE AGATHE	Alhambra
STE AGATHE	Roxy
STE ANNE DE BELLEVUE	Boîte Film
STE ANNE DE LA POCATIERE	Pocatière
STE ANNE DES MONTS	Caribou
STE CROIX	Centre
STE FOY	Alouette/Champlain
STE FOY	Canadien
STE GERMAINE	Royal
STE JOVITE	Ste-Jovite
STE JULIENNE	Château
STE JUSTINE	Etoile
STE MARIE	Jacob
STE MARIE DE BEAUCE	Centre Récréatif
STE MARTINE	Normandie
STE PERPETUE	Centre
STE ROSE DEGILIS	Degilis
STE THERESE	Georges
STE THERESE	Rose
SCHEFFERVILLE	Roxy
SENNETERRE	Métro
SEPT ILES	Lido
SEPT ILES	Cinéma 1 - 2
SHAWINIGAN	Capitol
SHAWINIGAN	Cartier
SHAWINIGAN	Roxy
SHERBROOKE	Bellevedère
"	Capitol
"	Capri
"	Estrie
"	Granada
"	Festival
"	Cinéma de Paris
SOREL	Rio
SOREL	Sorel
ST EUSTACHE	+Ciné-Parc St-Eustache
ST GEORGES-DE-BEAUCE	+La Beauce
STE FOY	+Bélair
ST HILAIRE	+St-Hilaire
ST JEROME	+Laurentien

.../1.7

LOCALITE:	CINEMA:
ST NICOLA	+De la Colline
STE PIE DE BAGOT	+Ste-Pie
SEPT ILES	+Des Iles
SHERBROOKE	+Rock Forest
TEMISCAMINGUE	Laurentien
TERREBONNE	Terrebonne
THETFORD MINES	Centre
" "	Pigalle
TRACY	Tracy
TROIS PISTOLES	Centre
TROIS RIVIERES	Capitol
" "	Les Rivières
" "	Fleur de Lys
" "	Lumière
" "	Cinéma de Paris
" "	Impérial
VAL D'OR	Capitol
VAL D'OR	Marcel
VAL D'OR	Strand
VALLEYFIELD	Bellevue
VALLEYFIELD	Cinéma de Paris
VALLEYFIELD	Sallaberry
VICTORIAVILLE	Victoria
VICTORIAVILLE	Bois Franc
VARENNES	Varennes
VERDUN	Parc
VERDUN	Verdun
VICTORIAVILLE	Laurier
VILLE DE BECANCOUR	Gentry
VILLE DE DEGELIS	Degelis
VILLE MARIE	Ville-Marie
VILLE LA SALLE	Québécois "4
VAUDREUIL	+Vaudreuil
VICTORIAVILLE	+Victoriaville
WEEDON	Rio
WINDSOR MILLS	Loma

N.B. (+ Ciné-Parc)

.../2

Je désire me faire le porte-parole de la grande majorité des propriétaires de salles de cinéma de la Province de Québec pour exposer les répercussions de l'avènement de la télévision à péage sur les cinémas des petites communautés locales.

Pour bien nous situer dans le contexte, disons tout d'abord que les salles de cinéma des petites communautés locales sont généralement dirigées par des propriétaires indépendants, de citoyenneté canadienne, lesquels font personnellement la plupart du travail requis pour l'opération et la gérance même de leur cinéma.

Ces cinémas des petites communautés locales constituent une partie vitale et essentielle des diverses communautés locales où ils sont situés et où les centres culturels et les centres de loisirs sont souvent en nombre restreint.

Ils deviennent le noeud des institutions locales et, à ce titre, leurs salles sont fréquemment louées par divers groupes de la communauté pour fins de réunions politiques, présentations de pièces théâtrales, concours de promotion, présentations de mode, etc.

Bien plus, ces cinémas contribuent au développement de la stabilité commerciale dans la ville où ils se trouvent. Ils génèrent des taxes foncières, procurent des emplois et accroissent les revenus publics, tant par l'entremise des taxes d'amusement que par le biais des impôts sur le revenu.

.../3

Grâce à de longs efforts et à beaucoup d'énergie, ces petits propriétaires ont érigé un patrimoine adapté aux besoins du milieu.

Compte tenu de leur éloignement et de la population qu'ils desservent, il est bien sûr que ces cinémas ne peuvent pas générer suffisamment de revenus pour permettre à leurs exploitants de présenter les premières passes des films d'importance. Les copies de ces films étant en nombre restreint, ils sont naturellement présentés en première dans les grands centres, là où les cinémas sont de beaucoup possédés par de grandes chaînes.

Ces films sont disponibles pour présentation dans les petites communautés locales uniquement lorsque leur présentation est terminée dans les grands centres.

Il apparaît manifeste, et compte tenu de l'expérience américaine où la programmation repose sur 60% de films, que si le Gouvernement s'empare du même procédé, les cinémas des petites communautés locales seront voués à une concurrence déloyale entraînant la fermeture de leurs portes.

Bien plus, il existe présentement un manque sérieux de films ayant une valeur marchande au Canada. Est-ce là la résultante d'une pénurie d'acteurs de talent ou un manque de scénarios pouvant susciter l'intérêt auprès du public des cinémas, nous ne saurions trop répondre à une telle question.

Cependant, il faut bien se le dire, seulement 22 films canadiens ont été présentés en 1976 dans nos salles de

.../4

cinémas et 10 d'entre eux provenaient de la Province de Québec; de ces 22 films canadiens, 17 avaient une valeur artistique moyenne, 4 étaient classés bons et 1 considéré médiocre. (Selon les statistiques publiées par l'Office des Communications Sociales).
Tous ces efforts représentent à peine 3.6% des films présentés en première vision à Montréal. Nous sommes étonnés devant une production si éloquente et nous sommes perplexes sur l'avenir du cinéma.
Nous sommes prêts à recevoir du spectacle de qualité et à le diffuser sur nos écrans mais pas à n'importe quel prix.

Nous ne croyons pas que, dans les conditions actuelles, la télévision à péage pourra assurer sa subsistance économique.
A mon avis, la télévision à péage ne viendra qu'augmenter une production télévisuelle qui est considérée à l'heure actuelle comme la plus élevée per capita parmi les grands systèmes occidentaux de la télévision. La télévision à péage risque donc de saturer un public qui recherche des besoins plus prioritaires.

Le phénomène technologique, à lui seul, ne dicte pas l'avenir; la production massive n'est pas synonyme de qualité. Nous ne sommes pas contre le développement de la technologie, mais nous prétendons que le gouvernement veut répondre à des pressions économiques, comme celles des câblo-distributeurs, et dans cette perspective nous devons défendre

.../5

nos intérêts. La population du Québec qui a accès au cable est déjà fort élevée.
Il est de notoriété publique que la plupart des tentatives passées d'instauration de la télévision à péage basées sur les présentations de films ont remporté des succès mitigés, même à l'époque où les films de qualité étaient plus nombreux et l'esprit du public peut-être moins critique.

Sur le plan artistique, il ne faut pas oublier qu'un film perd de sa qualité artistique et de sa valeur sensorielle lorsqu'il est transféré de l'écran du cinéma à celui de la télévision.

A titre de projection anticipée, supposons un instant qu'une agence centrale de télévision à péage soit établie et qu'elle s'avère par la suite économiquement non rentable, devant même cesser ses opérations, alors il est permis de croire que les salles de cinéma des petites communautés locales ne feront pas l'objet d'une réouverture et que la communauté aura alors perdu une partie de son identité et de son environnement.

D'autre part, si l'établissement du système de télévision à péage s'avérait économiquement rentable, qu'est-ce que les habitants des petites communautés locales auraient alors gagné? La programmation de la télévision à péage ne sera pas établie en vue de répondre à leurs uniques désirs et besoins.

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Il y a tout lieu de croire qu'elle pourrait être déterminée par un groupe monopolisateur sans physionomie ou par des bureaucrates des grands centres ignorant tout à fait et attachant peu d'imporance aux besoins pluralistes de la population.

A ce stade-ci de mon mémoire, j'aimerais formuler mes commentaires concernant la création d'un monopole achetant des films pour la télévision à péage. Les monopoles sont insensibles aux besoins d'une population. Ils achètent les films qui leur conviennent dans leurs intérêts propres sans considération des gens de banlieue, généralement parce qu'ils leur en coûtent moins cher. Ils représentent une concurrence fort déloyale d'avec les opérateurs de salles de cinéma.

Toutes les tentatives passées en vue d'établir un réseau de télévision à péage ont échoué pour les deux raisons suivantes:

1. Dans un sens comme dans l'autre, le principal but poursuivi par les intéressés était de déposséder la population de quelque chose qu'elle avait déjà; en vue de le revendre à un prix supérieur.

2. Les promoteurs de la télévision à péage concentrent leur programmation sur un divertissement de la masse plutôt que sur des émissions spécialisées ou individualisées telles l'éducation et les services

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Il se peut que le problème trouve son fondement dans ce que les tentatives d'instauration de la télévision à péage proviennent généralement de propriétaires d'un système de cable. Existe-t-il une raison pour laquelle une personne ou une compagnie qui possède un système de cable vendrait de l'information à des clients qui sont déjà pris dans son système? Il serait préférable que le propriétaire d'un système de cable loue ses services à ceux qui pourraient en tirer le meilleur profit, voire le meilleur parti, tels les universités, les analystes financiers, les imprésarios, les metteurs en scène, les associations de protection du consommateur, etc.

Il faut dire que l'intégration verticale a toujours eu des conséquences désastreuses dans chaque domaine commercial, puisqu'elle tend à réduire le produit vendu au plus bas dénominateur commun.

En guise de conclusion, j'aimerais spécifier que nous n'avons pas la prétention de vouloir répondre à tous les objectifs proposés par Mme Jeanne Sauvé, mais de faire un tant soit peu la lumière sur la situation actuelle du cinéma à l'encontre d'un système de télévision à péage dont les effets et les conséquences sont pour nous de la plus haute importance tant sur le plan socio-culturel que sur le plan économique.

Les propriétaires de petites salles ont investi dans l'industrie cinématographique des sommes importantes et

s'assurent d'un rendement respectable, il suffirait que la télévision à péage vienne siphonner nos films pour nous anéantir.

Il est du devoir de l'état de tenir compte de nos investissements et de les protéger ou du moins d'avoir la décence de nous permettre de les diversifier sinon de les réorganiser.

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COMMENT
COMMENTAIRE
N-44

B R I E F

submitted by

The Media Subcommittee of the

Continuing Committee on Race Relations

to the

CANADIAN RADIO-TELEVISION AND

TELECOMMUNICATIONS COMMISSION

For its public hearings

on

Pay Television

May 30, 1977

Toronto, Ontario
April 15, 1977

Ladies and Gentlemen of the Commission Hearing:

On July 3, 1976 I wrote a letter on behalf of the Media Subcommittee to the Federal Minister of Communication, the Honourable Jeanne Sauvé in response to her call for public input into development of Pay Television in Canada. Executive Assistant Pierre Lafleur acknowledged receipt of that correspondence and noted a copy had been forwarded to the office of Mr. H. Boyle, Chairman of the C.R.T.C. In due course Miss Lise Ouimet, Associate Secretary General of the Public Hearings sent information and invited me to elaborate on my comments, the most recent invitation being dated March 18, 1977. We thank the Commission for these invitations.

In my original correspondence, which included a copy of the book, PUBLIC ACCESS CABLE TELEVISION IN THE UNITED STATES AND CANADA, I pointed to the need for a portion of the revenue from a Canadian Pay Television system to be applied to upgrading and enlarging the community of public access cable television.

The C.R.T.C., in its 1975 position paper, stated, "We are determined that pay-television shall develop to primarily benefit Canadian Broadcasting, the programme production industry and Canadian creative talent." In studying that statement of purpose, it would not be altogether cynical to suspect that in the use here of the term "programme production industry" little thought was given to the proposition that a programme production industry indemic to Canada would have to take root in the communities away from the replicative production centers of the established industry. It would not be altogether cynical to suspect that in the use of the term "Canadian Broadcasting" little thought was given to community television as a primary

benefactor. It is not altogether cynical to suspect that in the use of the term "Canadian creative talent" little thought was given to the largely untapped or unpolished creative talent that could be nurtured by sophisticated community color television production centres.

At first blush it might appear that my comments for the Commission invoke a special interest, whereas, in fact, the C.A.B.C. should finally state in its paper, "We are determined that pay-television shall develop to primarily benefit Canadian" access to Canadian broadcasting through revenue derived from Pay Television distributed by the world's most penetrating cable television operators. To siphon the revenue of Pay Television into the coffers of the commercial and private-public television stations and the commercial and private-public film producers is to paradoxically feed the powers least interested in providing Canadians access to public Canadian broadcasting. Some cable operators have now come to look upon the provision of community television service as sound business practise.

Chairman Boyle has remarked in his June 2, 1976 address to the Canadian Cable Television Association, "We consider the introduction of pay-television to be an important and serious first step towards the repossession of a Canadian broadcasting system.... This statement is in parallel, somewhat, to that other curious statement concerning the Canadian Constitution.

The contribution of these statements to meaningful communication is somewhat comparable to the street value of a pint of uncut cuckoo spit. Canadians have never possessed their Constitution, nor have they ever possessed their broadcasting system. The national broadcasting service was established by an American. American programming product and advertising dollars dominate the system now and will logically continue to do so as far down the road as 20-20 foresight can carry us. Cable television and Pay Television are American seeds that naturally germinate in the Canadian culture. According to the latest BBM survey results, Canadians are watching more than 80% American programmes in prime-time and so goes the real identity of Canadians, the historicity of Canada. With a lot of huffing and puffing on the part of zealous "repossessors," or more realistically, with a lot of sincere effort concentrated on creating television entertainment out of the experience peculiar to the Canadian geographic space, that percentage of viewers might be reduced 4 or 5 percentage points over a period of 10 or 15 years. And if this much change in the affairs of Canada would serve to irradicate that tragic, gut-twisting flaw in the psyche of so many Canadians, that [illegible], irritating, gnawing, stinging, agonizing, self-doubt, the wretched illusion of inferiority or impotence in the shadow of the assertive dynamism of the U.S.A., then such energies and resources as are directed toward that achievement

would be well spent, indeed. If Canadians muster sufficient wisdom as a people to align themselves with reality in the analysis of their identity then they will recognize that each day Canadians must (to select an arbitrary number) touch, smell, taste, see, and hear 71.3% American. Canadians are, in fact, the true North American for their experience is of the Canadian and American cultures. People of the United States experience very little of the culture of Canada, and as a result their North American identification is limited primarily to the geographic association, business contacts, short vacations, and equally short performing artist tours.

"What is a Canadian?" It is a question common to the reflections of Canadians. Canadian leaders who ask this question may be among those who have yet to go forth to measure their skills and talents against universal competition. If they are leaders at home and have paid their dues beyond the parochial womb, if they have successfully competed in the universal marketplace, in the universal halls of academia, and in the universal world of the arts and politics, theyneed not ask who they are. They will have recognized that roughly 71.3% of their success is due to the CANADIAN FACT, their inescable American experience and heritage. That is their identity. That is a Canadian.

They are North Americans, too, but enjoy a separate identity from those disgruntled, confused North American leaders

resident in Canada who have not had the opportunity to discover their Canadian identity through moving out of the parochial experience. An example is the Canadian Brass, a 5-piece classical brass ensemble formerly part of the Hamilton Philharmonic, which recently completed a 3-week tour of China. The week previous to that they performed to good reviews in Washington, D.C. Two members of the group are from the United States. If they are now Canadians, or want to become Canadians, they stand a much better chance of striking an identity that is quite free of the "bitchy" Canadian inferiority complex, an identity that is more than North American, an identity that is comfortably Canadian, confidently Canadian built upon recognition received from forays into the cosmic experience. They have stood up to the great measuring stick.

Toronto architect and planner Jack Diamond works very hard at spreading the word that development of Canadian architecture must grow from a very broad foundation erected in the communities of all sizes and levels of sophistication from the designs of native talent. And so it is with community television. From a base of community (public access) television fully equipped with sophisticated hardware and generously seeded with professional technical staff working with media animators of the highest calibre, a public television service and feature film industry can emerge that has a chance of developing a

character that is uniquely Canadian. As the Canadian filmmaker Allan King has recently stated, "When I returned to Canada 10 years ago, the "in" word, the goal of many filmmakers was to be "professional." It struck me as odd. It never occurred to me that they weren't professional. Why the insistence? What exactly did they mean? Why did the least secure and least adequate of them use the word most often? What they meant was doing things as they are done in Hollywood. But Toronto is not Hollywood and never will be. And those who imitate it guarantee their own mediocrity. Why on earth would Americans or anyone else in the world want to buy Canadian imitations of Hollywood? That doesn't mean we cannot make feature films. But we will have to find our own way."

The public television service must still find its own way. And that will be a lot harder, because it will mean wrenching control of the service from the hands of the ratings Magis and placing it in the hands of a new leadership dedicated to buying American and producing Canadian programming. That is, forego the Quixotic strategy of attempting to replicate the product of the extremely sophisticated Hollywood assembly line, and after this quantum leap into maturity, this historical face-off with reality, go back to the drawing boards, back to the communities of the land with their parochial and peculiar needs. Freed of the Hollywood replication syndrome, the national

centres of television and film with their elite core of administrators, coordinators, distributors and primary creators producing and marketing the ultimate in standards of efficiency and creativity for the nation could stimulate and draw from the communities a supremely rich harvest of creative energy for the national service and foreign markets. But that creative energy locked in the perverse restraints of a chauvinistic leadership mentality does not give it a proper chance for field testing with professional creators, critical audiences, the master teachers of other cultures, other nations. After sending her most promising leaders out for seasoning in the greater community of celebrated international stars and leaders, the mature nation invites her accomplished children to come home to perform, to manage, to teach.

As is concluded by Barbara Hubbard in her accompanying article, "Grow or Die" "Transformation theory can guide us toward the higher state of being to which we have aspired since the beginning of time--a state which we can achieve by growth toward mutualization, self-transcendence and conscious union with creative intelligence." Canadian leaders must work very hard now at transcending the self-destruct obsession with their legitimate American identity and consciously, vigorously unite with that creative intelligence which has always been the prime customer, the prime source of those syntropic forces that have produced the "new combinations, diversity, and higher levels of organization."

Design, form and function-

-- What kind and form of Pay Television programs should the agency provide consistent with the role and objectives of the Canadian broadcasting system?

Any programs available provided they do not siphon from the established sources for broadcast television. A new form that might be experimented with in Toronto, for example, is the extremely popular 40-minute Brazilian soap operas.

-- How can a Pay Television program agency be supportive of Canadian creative and production resources?

Collect and contribute 5% of the Pay Television gross revenue to community television for animators and production facilities. Develop national talent contests and incentive awards for community production teams. Get the word out as to where tha action is regarding the electronic communication of community affairs and the performing arts.

-- How can such an agency respond to the national and regional demands of Pay Television subscribers?

Simply and succinctly stated subscriber demands should include the provision that no program be denied them unless it does not meet with the decency code or anti-siphon regulations as established by the Ministry of Communication at the Federal level. To represent the subscribers in this demand and the ensuing demands subordinate to it, a Board of regional representatives, government and agency representatives joined with representatives of the business community supplying the product and distribution must be established to meet on a regular basis as often as the pressure of demands would require.

It is utterly essential that the leadership of the Public or Private Pay Television, or Public-Private Pay Television agency be free of the pitiful condition of paranoid schizophrenia that turns Canadians inward upon themselves. Obviously, in the beginning, the American product is essential to provision of optimum programming and revenue for Canadians, for the agency. To defy this energy is nothing short of a death wish, defiance of optimal human development. A well balanced Board can press for government subsidization of the exceptionally unprofitable extension of cable service to thinly populated areas so that Canada may assume world leadership in providing equitable and comprehensive cable and Pay Television service to its people.

-- What form of anti-siphoning restrictions should be applied?

See FEDERAL REGISTER, Vol. 40, No. 67, Monday April 7, 1975, p. 15563, Federal Communications Commission, "Subscription Television Program Rules and Proposed Rules Relative to Subscription Use of Series Type Programs."

-- How should such an agency be structured?

Bill C43 should insure that the superstructure of the agency be designed by the Federal Department of Communication with suggestions from the C.R.T.C. and the provinces. The agency must be so structured as to strike a precious balance between aggressive entrepreneurship and positive response to government policy and regulatory agency guidelines. That

necessitates ensuring that the policy makers and administrators of the agency are well informed about and sensitive to the needs of the subscriber, as well as to the needs of the program producer and the distributor. Certainly, all elements of society concerned should have a voice whether it might be elitist programmers or chauvinistic regulators. But potentially entropic voices must not so permeate the structure of the agency as to dominate its ultimate design and function. That structure, for example, must be so designed as to automatically safeguard against the over-accumulation of voices dedicated to elitist programming or chauvinistic regulation through the sordid function of corporate incest so indemic with public service "management development." As Patrick Watson might describe it, avoid that structure which ensures the milk will rise to the top. To reward parochial mediocrity is the function of entropy. A very vociferous elite is afoot that squints narrowly at the world through rose coloured opera glasses. They recently lost control of the public radio service and might very well attempt now to capture Pay Television for their private use.

--Should the agency providing programs to licensed distributors be a private corporation, a public corporation or a mixed corporation involving both private and public participation on a non-profit base?

Ideally it should be a public corporation free of incestual recruitment practises which could then result in the development of optimal management skills, optimal creativity, and optimal energy stimulated by promotion of the

finest talent judged to be available whether inside or outside the agency. Realistically, working toward that goal might best be achieved with a private agency working closely with a number of established and fiercely competitive distributors. However, if the parental organisms change the environment in such a way as to influence the evolutionary selection process, then the power of social influence worked by a Pay Television agency is worthy of the most profound consideration just as a national radio network owned and operated by an ethnic group with potentially strong ties to a foreign nation with a pivotal position in world affairs is worthy of constant and keen consideration as to any influences worked by this association upon the social, economic, or political future of Canada. The ultimate watchdog must be the Federal Department of Communications.

--Should broadcasters, cable licensees and program producers participate?

Participation by established broadcasters and program producers would tend to result in accretive and replicative growth of cultural programming ("growth" from the top). Established cable licenses must logically provide the distribution service with instructions from government to provide the greatest variety of quality programs possible in keeping with the law of syntropy.

--How should the capital structure be formed?

The agency will be in quest of universal relationships (universal laws as with empirical research) in terms of a number of projects. There will be a special temporal relationship between the agency and the suscribers. The agency must make cases for choices it makes. That means there must be a budget for administration and ongoing research. Because of the universal impact of Pay Television upon the administrators making the choices, the agency must be operated and funded by the Federal Department of Communications as it will function under Bill C43. The capital structure of the distribution system is already in place and functioning successfully, thus, it is in a strong position to attract additional capital for expansion of the cable service.

— How will the agency collect its share of revenue?

By means of a direct tax on gross income realized by the cable licensees.

— How should a Canadian content requirement be applied?

Only that Canadian product available which matches the creative intelligence of the product available in the international marketplace should be guaranteed a place on the selection list for Pay Television subscribers. Anything more that that would contribute to the potential national holocaust wrought by the failure of Canadian leaders to marshal forces sufficient for the fight against the omnipresent function of entropy or disunity.

I thank you for your time and attention.

Respectfully submitted

MEDIA SUBCOMMITTEE OF THE
CONTINUING COMMITTEE ON
RACE RELATIONS

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Copy:

The Honourable Jeanne Sauvé
Federal Minister of Communications

growth to that of harmonized mutuality will occur in the areas of social and cultural development, following the laws of natural growth.

The History of the Future

Evolution's natural selection, growth and maturation of nature's systems help us understand our own evolution. From an evolutionary perspective, mankind shows signs of vigorous health rather than being a terminal case doomed by the blind tyranny of technology. As with any natural responsive system, our adolescence breeds the noises of *unease*, not *disease*. The ecological alarmists, consumerists, minorities, and public advocates all make up a social homeostatic communications system that will help bring about organic change. Even the polemics of the optimist and pessimist schools of futurism are necessary parts of our own system of counterbalancing evolutionary forces, helping illuminate the present through disparate views of our future.

With an all-sided or holistic perspective of past, present and future, we can redefine the major questions and quests of ecology. We must broaden the Copernican revolution that made the earth part of the solar system and the Darwinian revolution that joined man's physical being with the animal kingdom. By broadening these earlier revolutions, we will create a new revolution that will unify man's techno-psycho-social system with all of nature. The new revolution will also make possible a rediscovery of the *nature* of technology and cement its sometimes tenuous links with man.

GEORGE F. LOCK LAND IS PRESENTLY AS-SOCIATED WITH STATE UNIVERSITIES OF NEW JERSEY AND NEW YORK, THE NATIONAL MEDICAL CENTER IN WASHINGTON, AND OTHER INSTITUTIONS IN THE FIELD OF CREATIVITY, INNOVATION, AND MANAGEMENT OF CHANGE. LAND LIVES AT 2373 CHAMPION COURT, RALEIGH, NORTH CAROLINA 27606. FOR AN OTHER VIEW OF THE "BALANCE OF NATURE," SEE GERALD FEINBERG'S ARTICLE, "LONG RANGE GOALS AND THE ENVIRONMENT" IN THE DECEMBER 1971 ISSUE OF THE FUTURIST.

Grow or Die:

The Unifying Principle of Transformation

A new theory of evolution asserts that the behavior of all living things can be explained by the fundamental drive to grow and transform. The theory suggests that the present exponential growth crisis is a natural and healthy part of the evolutionary process.

A review

by

Barbara Hubbard

George F. Lock Land is a modern explorer who is now mapping the processes of growth which operate on all levels from subatomic particles, atoms, molecules, and crystals to human beings, social systems, and the world community.

A better understanding of the principles of growth, or transformation, is essential to survival because, for the first time in our history, we must consciously design our future or succumb to the crises of exponential growth. We must actively participate in the process of evolution and learn how to coordinate vital environmental, economic, and political functions on a planetary scale.

Where can we learn to become full-time futurists? Our planet did not come with "an operating manual" (to use Buckminster Fuller's expression) and as yet there are no schools for conscious evolution, but George F. Lock Land's *Grow or Die: The Unifying Principle of Transformation* offers a foundation upon which such schools can be built. A major step in the maturation of futurism, *Grow or Die* offers a scientifically verifiable theory of evolution—how nature has worked and is now working.

The purpose of Land's transformation theory is to identify the principles and laws of transformation that operate on all level of nature and use them to help us understand man's evolutionary history, present behavior, and future potential.

"Good" Is Definable

The theory of transformation provides a basis for evaluating alternative paths toward optimal human development: "We can see the evolution of biological 'wisdom' and know that 'good,' like life, matter and energy, is not only relative and changing, but *definable*." The theory identifies universal patterns of growth which are as consistent as the laws of gravity and motion. Thus the theory provides an instrument for making decisions concerning human evolution.

Land's evolutionary perspective allows us to extrapolate not just recent trends, but the entire spectrum of known events. We can thus build on "15 billion years of success." The history of the universe negates the sense of doom brought on by the second law of thermodynamics, which predicts that the universe will inevitably die from increasing randomness or entropy. Along with entropy, says Land, there is a parallel process called

"syntropy," in which information produces new combinations, diversity, and higher levels of organization.

"The function of entropy is *complementary* to that of syntropy," says Land. "The order of heat runs 'downhill' from organization to chaos. Yet, if we consider *information as a function of energy*, we see the reverse phenomenon. Two bodies, rather than diffusing their data, can actually increase their order and organization."

The second law of thermodynamics, the foundation of physics and the basis of modern philosophical pessimism, thus becomes an integral part of a more holistic process leading toward an evolving future whose limits are unknown.

Today's pessimists doubt that man can survive, but George Land's thesis offers a basis for hope and confidence. Our bodies, minds, and cultures are seen as the cumulative results of awesome, ancient, continuing victories of progress over chaos. Our "problems" are natural stimuli toward the next level of organization. The achievements of our "forebears" — who range from prolific forms through human civilization — offer us [illegible]

Land's theory reunites humankind with nature and also with universal processes which satisfy the spiritual need for a transcending element beyond the mortal self. Religion and the natural sciences, separated since the Renaissance, are now synthesized in the quest to understand humanity's role in the evolutionary process. In this sense, *Grow or Die* is universal theology for the first Age of Conscious Evolution.

The Unity of All Processes

The keystone of Land's transformation theory is the unity of all living processes. The first postulate of transformation is that human behavior has evolved from biological behavior and that the behavior of all living things is growth-directed activity.

By "growth" Land does not mean exponential growth. His definition of growth takes into account qualitative changes inherent in the growth process which occur continuously on a planetary scale. The increasing pressures to prohibit exponential growth are as natural as the factors which inhibit an infant from merely growing into a larger and larger infant. The potential world holocaust provides the necessary conditions for new growth forms to emerge.

Growth Takes Three Forms

In observing patterns of growth in crystals, cells, animals, individuals, communities, and societies, Land has identified three distinct different forms of growth:

1. Accretive growth is an accumulation of mass, simply extending boundaries and [illegible] larger without changing basic form.
2. Replicative growth occurs by influence [illegible] changes to take on the form of the [illegible] and the reverse.
3. Mutual growth is reciprocal interaction, a two sided exchange, the equilateral sharing or joining process . . . It is the culmination of the success of accretive and replicative growth.

"The process of growth continually transforms itself into ever higher levels of organization," says Land. "The growth of atoms leads to molecules, molecules proceed to cells, cells join to become multicellular, and organisms recapitulate the growth processes at biological, psychological, and cultural levels. In every natural phenomenon *there is the ubiquitous and irreversible procession* from accretive to replicative to mutual growth, at which point, at a new level of organization, the process repeats itself."

For example, the evolution of human societies follows the same pattern that we observe in biological and multicellular organisms.

> ***"The first postulate of transformation is that human behavior has evolved from biological behavior and that the behavior of all living things is growth-directed activity."***

Accretive societies grew by teaching young people to be exact duplicates of their elders. Changes in tradition were resisted as much as possible. Wars were fought to gain slaves and territory. The accretive growth phase of human culture, aided by the invention of writing, extended from about 6000 B.C. to about 1000 A.D. The civilizations of China, Egypt, and Rome grew so large that rigid information controls could no longer be maintained, the gradual spread of written information heralded the shift to replicative societies.

Replicative societies used missionary activity, military conquests, and nationalism to make others conform to their ideas. Wars were fought primarily to gain ideological influence, not absolute power or territory. Rigid ideas and institutions still were used to preserve cultural purity; foreign ideas were resisted. In replicative societies, however, there was some exchange of ideas between peer groups, going somewhat beyond the strict copying done by accretive societies.

Trend Toward Mutual Behavior

As more people became educated and complex information-sharing technologies were developed, the pressures toward mutualism intensified. Anti-colonialism and wars of independence signalled the beginning of the age of mutualism. Since World War II, increased mobility and the spread of new ideas have reduced pressure to conform, and the world has moved closer to mutualism.

Thus, we should expect a continued proliferation of interacting systems with more mutually beneficial potential (for example, recent developments in ecology, social responsibility of corporations, extended work relationships, and crumbling social barriers).

Similar analyses can be made for the evolution of economic systems (which range from the accretive behavior of a Genghis Khan to modern barter and trade); of political systems (from the divine right of kings to participatory democracy); of organizational systems (from slavery to participative management).

In applying transformation theory to human psychology, Land asserts that all human behavior can be traced to "the fundamental drive to grow and to transform." Each person exhibits a mixture of mutual, replicative, and accretive behavior.

Mutual behavior is characterized by an empathic, give and take, creative attitude.

In a replicative mode, the individual wants things to be basically like him. He tries to bring things "into line" and make them more "his way."

In accretive behavior, the subject shows signs of being cut off from his environment. This alienation is due either to substantial deprivation of information and feedback, or to massive amounts of negative, non-mutual, non-nutritive feedback. For example, a person may have been reminded at every turn that he is a worthless person or that there are few or no alternatives open to him.

Neurotic and psychotic behaviors are "natural pleasure-producing expressions of low-level growth that occur when higher levels have been denied . . . 'Affective' emotions such as anger, hate, or fear are all results of growth negation."

As human society enters the mutual growth phase, accretive or replicative forms of behavior will be reduced. The recognition of recurrent growth patterns occurring at the simpler levels of molecular biology can provide illuminating homologues which will help us to develop new human systems. Amoebas and starfish may thus help us in planning and forecasting on a grand scale.

Evolution Has a Steering Mechanism

Perhaps the most fundamental insight of transformation theory is that evolution has a steering mechanism. As entropy, or increasing dis-order, provides the "raw material" for higher order, so the process of random

GROWTH SYSTEM FUNCTIONS	BASIC GROWTH PHENOMENA		
	ACCRETIVE	REPLICATIVE	MUTUAL
SEARCH FOR NUTRITION	Apathetic, listless, or frenetic Disoriented Rejection of all conventional Much is seen as threatening	Interest in common things and people Boredom toward unknown areas Serious, on guard, intolerant Denial of ignorance	Eager curiosity and exploration Strong interest in many ideas, people, and things Interest in differing viewpoints Playfulness and zest
SCREENING	Accepts everything or nothing—arbitrary Distorts perceptions grossly to match own thoughts "Closure" either extremely rapid or not at all	Simplistic rejection of nonagreement Cynicism, mistrust of new information Tentative acceptance of changed data Reduces cognitive variables	Open to wide variety of inputs Absorbs freely Uses priority system to discriminate Tolerance of ambiguity
DIGESTION	Sees wholes—black and white Polarization Confusion Makes useless connections	Matches analysis with existing classifications—interchangeable Uniformity	Analysis of material into many parts under a variety of analogous classifications
SYNTHESIS	Mechanical sameness of assembly Disconnectedness with stored data No recall or rigid, repetitive memory No ideas or all fantasy	Assembles parts into matching configuration with preformed opinions Low recall of stored data that are unfavorable or new Few new ideas Accepting conventional solutions	Attempts to put new information together with different stored material, looks for wholes High recall of stored data Many ideas, imaginative Good (empathic) judgment
USE	Self-centered "What's the use?" giving up Nothing to work for or at, or everything to do and no way to do it No use for others	Perpetuates sameness, safety Sometimes careless Works "on" others, expands self through others—copying-imitation Rushes into action	Courage—working with others to create mutual effects on environment Willing to take detours if they can further his goal
ASSIMILATION OF FEEDBACK	Little interest (see search for nutrition)	Positive accepted, negative screened out or distorted	Positive and negative accepted Search for more information
FEEDBACK RELATIONSHIPS WITH OTHERS	Frenetic talk or complete silence Loss of connection Alienation and suspicion Hopelessness and despair Utter selfishness or selflessness Capricious Reliance only upon self for self Threats and pleading	Fear of rebellion Generally critical reaction to other's ideas Talks rather than listens High defense level Insecure and cynical Partial responsibility Dependent or counterdependent Fear and guilt	Interested in sharing ideas Listens and talks Meaningful exchange of feelings Low defense level Secure and calm Responsible Interdependent

George Land's transformation theory describes three levels of human psychological development—*accretive*, *replicative*, and *mutual*. Though everyone exhibits a mixture of all three types of behavior, Land believes that man is steadily evolving into a basically mutualistic organism. Neurotic and psychotic behavior is an expression of accretive and lower level replicative behavior.

mutations and natural selection is one part of the total picture of evolution, but only one part. As Land points out, not only do organisms adapt *to* the environment, they adapt the environment to themselves:

"*The ratio of adaptation* between an organism and its environment is clearly one that demonstrates a far greater effect and adaptation of the environment *by* the organism, rather than an adaptation *to* that environment by the organism . . . This active *adapting of* and *transformation of* the environment is actually the most prominent characteristic of both biological and psychological systems . . . By broadening our perspective we can see that evolution and growth are far more an adaptation *of* environment than solely the reverse. This modification of the environment provides machinery by which evolution can accumulate.

What biological evolutionists have missed is that, although random mutations occur, the selection among these mutations is far from random. The parental organisms have changed the environment in such a way as to influence the selection process; their *learned behavior causes modifications that are carried* forward by the environment, by the interaction that occurs between their progeny and the environment they have created."

Man has transformed his environment through industrialization, urbanization, etc. Now, we are changing our behavior in response to signals from the environment which we have changed. Our modified behavior will cause further environmental changes, as the endless cycle continues.

It is profoundly fitting that today when we are required to share responsibility for the evolutionary process, a theory has appeared which provides a new understanding of that process. Transformation theory can guide us toward the higher state of being to which we have aspired since the beginning of time—a state which we can achieve by growth toward mutualization, self-transcendence and conscious union with creative intelligence.

Grow or Die is truly a seminal work, an evolutionary milestone, and essential reading for all who are concerned for life.

Grow or Die: The Unifying Principle of Transformation BY GEORGE T. LOCK LAND. RANDOM HOUSE, NEW YORK, 1973. 250 PAGES. $10.0 HARDCOVER; DELL/DELTA, NEW YORK, 1974. $2.95 PAPER. BARBARA HUBBARD, MEMBER OF THE BOARD OF THE WORLD FUTURE SOCIETY AND IMAGES OF MAN EDITOR OF THE FUTURIST, IS CO-FOUNDER OF THE COMMITTEE FOR THE FUTURE AND CHAIRMAN OF THE BOARD OF THE NEW WORLDS COMPANY (WHICH INCLUDES NEW WORLDS VIDEO, A FUTURE-ORIENTED TELEVISION PRODUCTION COMPANY). SHE IS ALSO A FOUNDER OF THE COMMITTEE'S NEW WORLDS CENTER. 2325 PORTER STREET, N.W., WASHINGTON, D.C. 20008.

Premier Operating
Corporation Limited

215 VICTORIA STREET
Toronto,
CANADA

THE PRESIDENT

April 11, 1977.

COMMENT
COMMENTAIRE
N-45

Mr. Harry Boyle,
C.R.T.C.,
100 Metcalfe Street,
OTTAWA, ONTARIO.

Dear Harry:

Enclosed please find a rough draft of a submission that I would like to make on pay T.V. at your hearing on May 30th.

Yours sincerely,

Barry Allen.

BA:mkf
Encl.

Executive
Bureau du Secrétaire
APR 21 1977
C.R.T.C. - Ottawa

Siphoning

I would like to discuss the effect of pay T.V. proposals on the small town theatres.

Small town theatres are generally operated by independent Canadian theatre owners, who do much of the work as well as the management. They are an integral part of their respective communities where entertainment and cultural facilities are very limited. They are important local institutions, and are rented by local groups on numerous occasions for plays, political meetings, etc.

They re-inforce the cores of towns and contribute to the commercial stability of these towns. They pay realty taxes provide continuing employment and benefit the treasury through amusement taxes as well as invome taxes.

These theatres cannot generate enough revenue to acquire early runs on major films. Prints are in very short supply and naturally are played in large centres first, where the theatres are generally owned by chains. Only when films have been exhausted in large centres are they available for exhibition in smaller towns.

Clearly if these films play pay T.V. before the theatre, or even shortly thereafter, then the theatre must close. Indeed there is a severe shortage of marketable films at the present time. There is a shortage of talent and scripts that can excite the viewing public. Perhaps 20 films are available each year that have significant appeal in any given region.

For this reason, I don't think that pay T.V. can count on film to provide economic sustenance. As you know, most attempts have met with indifferent success, even when they were undertaken when product was more plentiful and public taste less critical.

Perhaps a move loses much of its artistic entegrity and impact when transferred from a theatre to the T.V. medium.

Let us suppose that a central purchasing agency for pay T.V. is established and that sometime thereafter it proves economically unviable and aborts, then the theatre will likely not re-open and the community will have lost an element of its identity that cannot be regained.

If on the other hand pay T.V. succeds, what have the inhabitants gained. The programming of pay T.V. will not be designed for their unique tastes and preferences. It will be selected by some faceless monopoly or bureaucracy in Toronto, totally ignorant of, and indifferent to, entertainment needs -- we thus advance one more step towards Orwell's 1984.

At this point I would like to comment on the creation of a film purchasing monopoly for pay T.V. All monopolies are unresponsive to the public taste. They buy what suits them, not the public, generally because they can buy it cheaper.

They constitute unfair competition to the theatre operators and they are most likely a conspiracy in restraint of trade that contravenes the Competition Act.

I would think that the government should encourage a pay T.V. policy which conveys some benefit upon the public. To do this, it should encourage a structure that does something that is not presently being done. It should cater to smaller segments of the population that want something so badly that they will pay for it. In large cities opera lovers, symphony devotees have indicated, through financial contributions, their support for their preferred entertainment. Each year P.B.S. receives greater public financial support.

It is entirely possible that ethnic communities, would avail themselves of the medium. Certainly it provides immense opportunities for special educational courses, particularly if feedback from the viewer to the broadcaster can be incorporated in the system. Indeed, it may in some cases be the most economical method to provide registered courses. People presently pay for investment advice in the Wall Street Journal, Kiplinger letter, etcs, and for consumer analysis by Consumers Reports. There is no reason to believe that they would not utilize these services on pay T.V. All past attempts at pay T.V. have failed for two reasons.

1. In one way or another the principal aim was to deprive the public of something they already had in order to sell it at a higher price. (The public perceived this and when asked, voted against pay T.V.)
2. They concentrated on mass entertainment instead of specialized tastes, education and services.

Perhaps the problem is that the initiative for pay T.V. came generally from the owners of the hardware. There is no reason in the world why a man or company that owns a cable system should sell information to the customers who happen to be hooked into his system. It would be much better if he rented out his facilities to those who can best take advantage of them, such as Universities, impresarios, theatrical producers, consumers reports, investment analysts, etc.

Vertical integration has been a disaster in every commercial field, it tends to reduce the product sold to the lowest common denominator.

My guess is that if pay T.V. is successful it will incorporate the elements of news magazines and literary magazines of the past. These folded because of the high cost of paper and postage as well as the siphoning of advertising revenue to other media.

It should also incorporate special regional, ethnic, demographic and sociological elements, particularly those which permit smaller groups to express themselves and in this way communicate with each other and the society as a whole.

If pay T.V. siphons films from existing outlets, and in so doing closes 75% of the theatres in Canada, it will severely damage film production and eliminate any hope of establishing a domestic film industry.

STANFORD UNIVERSITY
STANFORD, CALIFORNIA 94305

INSTITUTE FOR COMMUNICATION RESEARCH

Cypress Hall
Telephone (415) 497-2554

COMMENT
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N-46
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SECRETARIAT
APR 20 1977
C.R.T.C.

April 13 1977

The Secretary
Canadian Radio-Television and
Telecommunications Commission
100 Metcalfe Street
Ottawa, Ontario

Dear Sir,

The following comments are a response to a series of questions about the form and function of a Pay TV program agency asked in the CRTC's Notice of Public Hearing dated February 3 1977. These comments are submitted in reply to a March 1 1977 letter from the CRTC inviting a follow-up to the document "Pay TV, Commercial Substitution and Canadian Program Production", attached in Appendix A.

I assume in this commentary that if one English and one French-language Pay TV program agency are licensed by the CRTC within the next 12 months, these agencies will serve as network distributors for cable operators or over-the-air broadcasters licensed by the CRTC to provide local to-the-home delivery. Although I assume a Pay TV program agency, in its initial stages, will likely deliver a per-channel service to CATV distributors, it is essential to permit maximum experimentation with alternative delivery systems, including CATV per-program service, over-the-air per-channel and per-program service and the like. Any Pay TV program agency must be designed with sufficient flexibility to encourage such experimentation.

Many of the 105 Pay TV commentaries submitted to the CRTC last October 1 1976 argued that Pay TV would fragment current television audiences while providing little more than U.S. feature films. If Pay TV in Canada is held down at the level of a single per-channel service, this channel will almost certainly do little but duplicate off-air TV. The justification for Pay TV is that it <u>can</u> provide an alternative to off-air TV and to mass-audience common denominator programming by permitting viewers the option of paying for particular programs that serve specialized tastes. Pay TV can provide viewers with greatly increased control over what comes over home TV screens and can open the door to more diversified entertainment and information services.

Many of these diversified services are becoming available without Pay TV. The projected explosive growth of videodiscs, videocassettes, low-cost at-home computer games and computer services and the like is progressing in spite of public policy on Pay TV. The real question is whether Pay TV in Canada can be developed in a way that integrates these trends with goals defined by the Canadian Broadcasting Act.

2/

Per-channel Pay TV is justified at this time because it is a first step toward a multiplication of Pay channels and services. The most serious public policy error that could be made in development of Pay TV in Canada today would be to assign a Pay TV program agency to ownership by existing broadcasters, cable operators, by a Crown corporation or by some combination of the above.

If Canadian TV broadcasters own a Pay TV program agency they are in a conflict of interest regarding development of additional Pay TV channels because additional channels only mean reduced audiences for their traditional services. If CATV operators own a Pay TV program agency, they have little motivation to make new CATV channels available to other potential Pay TV program agencies. Even government participation through Crown agencies is not particularly satisfactory. Apart from facts that Pay TV is a speculative venture delivering a service available to only some citizens, government participation in equity ownership could well lead to government sanctioned resistance to new Pay TV market entrants.

Probably any Pay TV program agency would try to inhibit development of competitive new services provided by alternative program agencies. The problem with a Pay TV agency controlled by the most powerful existing interests in the Canadian broadcasting environment -- i.e. by broadcasters, cable operators, Crown corporations or some combination of all of these-- is that the resulting Pay TV agency could become an unchallengeable monopoly.

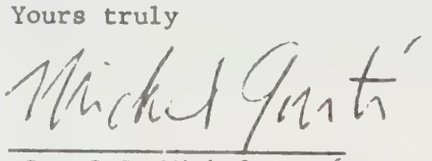
A Pay TV program agency at least 51 percent controlled by new entrants into the broadcasting environment would be, and would more likely be seen to be, a single first step in a flexible government Pay TV policy that forecloses no subsequent Pay TV developments.

In addition to arguing that a Pay TV program agency should provide an opportunity for new entrants in the broadcasting environment, a second purpose of this commentary is to indicate my own willingness, on behalf of a company to be incorporated, to submit a formal application to the CRTC to establish a Pay TV program agency. Final decision to submit such an application will of course be dependent on CRTC requirements and prevailing financial conditions at the time the CRTC invites such applications.

Current projections for this proposed Pay TV program agency call for: (1) Start-up in 1978 in Toronto and Montreal with national satellite distribution beginning in the fourth year of operation; (2) Programming in the first-year made up of 65 percent film, and 35 percent sports and cultural events reflecting regional interests; (3) Gross revenues distributed with the Pay TV program agency retaining 55 percent to pay for program acquisition and development, distribution, marketing, administration and other services, and with local CRTC-licensed distributors retaining 45 percent of receipts; (4) A minimum of 20 percent of gross Pay TV receipts to be invested by the Pay TV program agency in Canadian program production.

I would be pleased to discuss matters raised here at your convenience and look forward to hearing from you.

Yours truly



Dr. J.C. Michel Guité

APPENDIX A

PAY TV, COMMERCIAL SUBSTITUTION AND CANADIAN PROGRAM PRODUCTION

Submission to the Canadian Radio-Television
and Telecommunications Commission
Pay TV Policy Hearings

October 1 1976

by
Cablecasting Limited
45 Charles Street E.
Toronto, Ontario

and
Michel Guité
Institute for Communication Research
Stanford University
Stanford, Cal.

The purpose of this brief is to argue that CRTC resolution of current Pay TV policy issues in Canada should be tied to resolution of current disputes over CATV substitution of U.S. commercials with Canadian content on imported U.S. TV channels.

Over the next several years Pay TV will probably make a relatively modest contribution to the Canadian programme production industry. Although the content, method of delivery and ownership of Pay TV in Canada are still unknown, by 1981 Pay TV could funnel an estimated $9-16 million a year into Canadian programming.

By 1981 CATV commercial substitution or ad repatriation could funnel from $25-60 million a year into Canadian programming without fragmentation of existing TV audiences. Widespread implementation of this policy likely requires Canada-US copyright negotiation and may require CATV payment of copyright fees.

Pay TV contribution to Canadian programming: A shot in the arm for Canadian programming is only one of the arguments favouring CRTC licensing of Pay TV in Canada in the near term.

Another argument is that current Pay TV proposals are a necessary interim step in the development of a nationally available electronic CATV delivery system for on-demand information and entertainment. A third argument is that without CRTC licensing, closed circuit coaxial Pay TV systems may proliferate outside of federal jurisdiction and without any requirement that they become an integrated part of a Canadian broadcasting system.

Our purpose here is not to argue against Pay TV, or to argue in favour of per-channel or per-programme pay service, via CATV or over-the-air. Uncertainties in Pay TV technology, demand, and content, favour experimentation with different models.

What we are concerned about here is a realistic assessment of the most dollars Pay TV will add to the Canadian programme production industry. Although Pay TV may be delivered over-the-air as well as via cable, a recent analysis of U.S. data by Ray Panko of the Stanford Research Institute projected substantially higher Pay TV revenues and penetration rates for Pay TV via cable for at least the next decade. (1)

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(1) For publicly available data from the confidential Stanford Research Institute analysis, see Raymond Panko, Pay Television & Free Television: A Policy Assessment based upon a Projection of Future Consumer Demand for Pay Television, Ph.D. dissertation, Stanford University, 1975.

The reasons for this higher penetration with cable were the relatively high cost of subscriber descramblers needed for over-the-air Pay TV, plus the limited number of over-the-air TV channels. Because we are projecting upper limit Pay TV contributions to Canadian programming, we base our projections on Pay TV delivered via cable.

Pay TV via cable may provide a monthly package of programmes for a flat fee of some $7-9 or else a per-programme service where subscribers pay some $2-3 each month for a record-keeping and descrambling device, and also pay for each programme they view. Revenue projections for the latter service are somewhat complex, because subscriber monthly spending varies widely. According to Panko's U.S. data, with per-programme Pay TV the highest spending 23 percent of subscribers account for 46 percent of total revenues, the highest spending 48 percent account for 74 percent of revenues, and average spending per subscriber for programming alone is some $7 per month per household. (2) For our projections, we will assume an average Pay TV subscriber revenue of $8/month, without differentiating between per-channel or per-programme service.

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2) Panko, ibid.

Continuation of current population and household growth in Canada leads to an estimated 7.4 million Canadian households by year-end 1981. If an estimated 60 percent of all of these 1981 households signed up for CATV, we would have 4.44 million cable subscribers. If 15 percent of 1981 cable subscribers signed up for Pay TV, the total Pay TV revenue base for Francophone and Anglophone markets would be made up of 666,000 subscribers. The less likely upper limit of 25 per cent Pay TV penetration would provide 1.11 million Pay TV subscribers. If each Pay TV household paid $8.00 per month for the service, total 1981 Pay TV revenues at 15 percent penetration would be $63.4 million. At the less likely 25 percent penetration total 1981 revenues would be $106.6 million.

How much Pay TV gross revenues would be funnelled into Canadian programming? A 1975 CRTC policy paper on Pay TV proposed a Canadian spending requirement of 15 percent. (3) Using our above revenue estimates with 15 percent Pay TV penetration of cable households in 1981, this could generate $9.51 million for Canadian programming. Using the less likely 25 percent Pay TV penetration this could generate $16 million for Canadian programmes.

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(3) CRTC Position Paper: Pay Television Service, Ottawa, March 1975.

When considering these projections of $9-16 million for Canadian programming, it should be clear that both these figures are optimistic because they assume a smooth and successful development of what is essentially a speculative broadcast service. Current assumptions about Pay TV in Canada are based on the recent successful U.S. experience. However, Pay TV penetration rates of 15 and 25 percent of cable subscribers in the U.S. may not be exportable to Canada, because cable penetration itself in the U.S. is lower than in Canada and U.S. cable subscribers generally have more disposable income than Canadian subscribers. The first Pay TV experiment in Canada began in the Toronto suburb of Etobicoke in 1960 and ended five years later with a $2 million loss. The first Pay TV experiment in England, begun in 1963 in London and Sheffield, ended in 1971 with a $2.4 million loss. The first three Pay TV experiments in the U.S., begun in 1962 and 1963 in Hartford, Los Angeles and San Francisco each shut down several years later with multi-million dollar losses.

Ad repatriation & Canadian Programming: The CRTC proposal that Canadian cable operators delete U.S. advertisements on imported U.S. TV channels carried by CATV and replace these with Canadian content dates back to 1971. Because of costs, legal uncertainties, inability to develop adequate contracts between CATV operators and local broadcasters, and questions about the propriety of what many observers see as piracy, this policy has not been widely implemented.

Although a 1975 Canadian Federal Court of Appeal ruling supporting the CRTC's right to enact this policy may well be upheld on current appeal to the Canadian Supreme Court, some other objections to this policy still remain. In the following paragraphs, we will estimate potential revenue that could be developed in 1981 from the sale of Canadian advertising in the place of U.S. ads on imported U.S. channels carried on CATV in Canada. We will then discuss possible disruption of current advertising spending patterns in Canada, CATV copyright payments, and a method for funneling this advertising revenue directly into Canadian program production.

For the following estimates we will consider commercial substitution or ad repatriation under two conditions. A first condition assumes that only CATV systems with over 25,000 subscribers are required to substitute commercials. Under the second condition we assume that satellite delivery of TV signals to CATV head-ends is available, and that commercial substitution is incorporated into the satellite transmissions. In both cases we assume that three commercial U.S. channels and an average of four Canadian TV channels are available in each receiving community by 1981, that total TV viewing hours per household average only 4.2 hours per day, and that advertisers in 1981 pay 3.2 cents per household viewing hour. (4)

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(4) These are conservative assumptions. Current household TV viewing in Canada is estimated by A.C. Nielson at 5.9 hours/day in 1976. This figure describes hours a TV set is on each day. The estimate of 4.2 viewing hours per day describes time spent by adults over 18 years old in each house watching television. The figure of 3.2 cents/viewing hour assumes a maximum of 8 minutes of advertising per hour in 1981, with 1.8 adults per household, and a conservative cost per thousand adults reached averaging only $2.22.

Finally, using a model developed by Robert Babe of Simon Fraser University, we assume that with three U.S. and four Canadian TV channels in each community, the U.S. channels will attract 47 percent of all TV viewing time. (5)

For the first case we assume ad repatriation is restricted to a 1981 estimate of 51 CATV systems with 25,000 or more subscribers. Using projections similar to those we developed for Pay TV, we estimate that these major markets will account for 47 per cent of a projected 4.4 million 1981 CATV subscribers, and will serve 2.1 million households. With each household viewing 4.2 hours of TV each day, with three U.S. channels attracting 47 percent of these hours and with advertisers paying 3.2 cents per household viewing hour, total advertising revenues are $48.4 million. Because many of the major CATV systems are concentrated in Southern Ontario, and in the major markets of Montreal, Vancouver, Calgary, etc., and already do or are likely to share common microwave facilities, the degree of cost sharing for commercial deletion is difficult to estimate. If we assume an upper limit cost of $150,000 per year per CATV system for all expenses related to commercial deletion, these expenses total $7.6 million, leaving $40.8 million available for other purposes.

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(5) Robert Babe, An Economic Analysis of the Impact of Cable Television on Television Broadcasting Stations, Carleton University, Ottawa, 1972.

What happens if we assume satellite delivery of the same three U.S. TV channels to all CATV head-ends in Canada, except for those that by 1981 will remain locked into existing microwave contracts? If we assume 4.4 million Canadian CATV subscribers by 1981, and we assume that only 70 percent of these participate in satellite reception of three U.S. channels, that average viewing remains at 4.2 hours per day, that U.S. channels capture 47 percent of those hours, and that advertisers in 1981 will pay 3.2 cents per household viewing hour, then total advertising revenue totals $71 million.

A recent analysis of the usefulness of Telesat Canada's current and proposed satellite designs for distribution of TV signals to CATV head-ends concluded that Canadian satellite delivery is not currently a practical alternative to terrestial microwave.(6) The analysis argued that Telesat charges per transponder capable of transmitting one broadcast quality television channel are more than double the equivalent charges on U.S. spacecraft, and argued that Telesat's use of low-powered satellites with high cost earth stations has been more effective in protecting revenues of common carriers' microwave plant than in meeting needs of the Canadian broadcasting system.

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(6) Michel Guité: CATV & Telecommunications Policy in Canada, Programme on Information Science & Telecommunications Policy, Stanford University, forthcoming 1976.

The same recent analysis proposed an alternative configuration for a next generation Telesat satellite that would incorporate 10 watt transponders, using the 4/6 GH_z frequency, with each transponder transmitting over a footprint covering half of Canada, to earth stations with a total installed cost of $26,000 each. The analysis argued that Detroit TV channels could be picked up in Windsor, Ontario, carried by microwave to a commercial substitution and video recording and delay centre, and then to Telesat's uplink station at Allan Park near Toronto, and that U.S. channels could be distributed in only two timeblocks. Total distribution costs, excluding the local earth stations for two channels, were estimated to be $6.3 million a year, and for three channels less than $9.5 million a year.

The projection of 1981 advertising from commercial substitution on three satellite-distributed U.S. TV channels, estimated above at $71 million, less satellite distribution costs of some $9.5 million, leaves a net of $61.5 million available for other purposes. Nevertheless, Telesat's current plans and pricing policies do not make this distribution method a likely development.

It could be argued that since advertising expenditures in Canada since 1968 has remained at approximately 1.2 percent of Gross National Product, with TV advertising accounting for approximately one-eighth of this total, availability of additional TV channels could cause a substantial drop in the amount advertisers are willing

to pay per minute or per thousand viewers. The outcome could reduce the revenues of TV broadcasters, as well as newspapers, magazines, and other media.

However this is misleading because it leaves out two important developments. Recent parliamentary enactment of a tax provision prohibiting Canadians from using advertising expenditures on U.S. border TV stations for tax exemptions will likely increase Canadian dollars available for Canadian advertising. In 1974 Canadian advertisers spent an estimated $20-25 million on U.S. border TV stations broadcasting into Canadian markets. (7) Furthermore, commercial substitution would deprive Canadian subsidiaries of U.S. corporations of the benefit of spillover advertising worth another $30 million a year.

Because the impact of opening three new TV channels for Canadian advertising is unknown, this new medium could be developed gradually, over a five year period. Even if we make the conservative assumption that advertising on these channels was to be limited to an upper ceiling of no more than half the projected growth of TV advertising revenues each year from 1977 to 1981, the upper ceiling for these three channels by 1981 would total $67.2 million. (8)

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(7) Harry Boyle: Survival, Address to the Men's Canadian Club of London, Ontario, December 1975, P.4

(8) Based on total 1973 TV advertising revenues of $198.5 million increasing 10%/year to 1977, i.e. to $290.6 million, and at the same rate to 1981, i.e. to $425 million. Half the increase from $290.6 to $425 million is $67.2 million.

If we consider only the 14 major Canadian broadcasting markets that correspond roughly to the 51 largest CATV operations, and if we use the same ceiling of half the projected growth of TV advertising revenue on existing channels in these markets, this upper limit would be approximately $37.2 million. (9)

A second policy question regarding this commercial substitution concerns the payment of CATV copyright fees. Although Canadian cable operators currently can delete U.S. commercials on imported channels without legal liability, this will likely lead to ultimate revision of copyright agreements effecting both Canada and the U.S. In February 1976 the U.S. Senate passed S-22, a copyright legislation bill. In September 1976 the U.S. House of Representatives passed HR 2223, its version of a similar bill. This legislation, now being prepared for enactment, calls for U.S. cable operators to pay up to 2.5 percent of gross revenues to broadcasters for the right to use broadcasters' programmes.

In Canada CATV copyright payments set at similar levels of up to 2.5 percent of gross revenues could provide a mechanism to compensate U.S. programme producers for the use of their programmes. One of several complications with this in Canada is that because Canadian broadcasters commonly purchase exclusive Canadian rights to certain U.S. programmes, they argue that if anyone collects copyright payments it should be them.

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(9) 1973 ad revenues for 14 broadcasters with over $3,000,000 in revenues each, totalled $110.3 million. By 1977 at 10% annual growth this total is estimated at $161.5 and by 1981 $236 million. (Statistics Canada Catalogue 56-204)

However, this may not be as important as it looks. If Canadian broadcasters were to collect Canadian CATV copyright payments for U.S. programmes they hold rights to, broadcaster competition and prices paid for these programmes would increase. The outcome would be similar whether CATV copyright payments for U.S. programmes were paid to a Canadian copyright fund and then to the U.S. copyright holder, or paid to a Canadian broadcaster who then paid higher prices to the U.S. owner.

By 1981, with estimated Canadian CATV gross revenues of some $260 million, CATV copyright fees of up to 2.5 percent would generate $6.5 million. Assuming these were divided between U.S. and Canadian TV programme owners or producers according to respective audiences, Canadians might retain as much as $3.5 million. However, the significance of these payments would not be so much that they would provide a substantial increment to Canadian funds for programming. More important, they could open the door to a Canada-US agreement permitting cable operators in each country to delete commercials on the TV channels imported from across each border, with the decision of what to then do with the commercial time slots subject to domestic regulation in each country.

A third policy question concerns who in Canada should be entitled to sell commercial time on the U.S. channels carried via cable and who should get the revenues.

If broadcasters are permitted to sell the time themselves, and to insert their own ads, they have reduced motivation to upgrade their own programming to compete with the imported channels. A preferable solution appears to be for the CRTC to license regional commercial substitution centres with broadcast 's, cable operators or third parties permitted to participate in ownership and control, and with the distribution of advertising revenues subject to CRTC approved formulae. One such formula would require that some 85 percent of advertising revenue be paid out to Canadian TV broadcasters, pro-rated according to their audiences for Canadian programmes.

Integration of Pay TV and Commercial Substitution Policies:

We have argued that while Pay TV may generate significant revenues of some $9-16 million for Canadian programme production by 1981, ad repatriation or commercial substitution could generate substantially more funds for the same purpose. If this substitution were implemented on three U.S. TV channels, in an estimated 51 CATV systems with over 25,000 subscribers each, with advertising revenues limited to no more than half the projected TV advertising growth in the corresponding TV markets, by 1981 these US channels could generate approximately $37 million. Assuming commercial substitution costs for the 51 major CATV systems total $7.6 million, and that 85 percent of the net revenue is pro-rated among Canadian broadcasters according to audiences for Canadian programmes, the outcome would be $25.9 million available to support stronger Canadian programming.

With somewhat less conservative assumptions, this net 1981 advertising revenue for three U.S. channels distributed via satellite to 70 percent of CATV subscribers could generate $71 million. After satellite distribution expenses estimated to be approximately $9.5 million a year, $61.5 million would remain. If 85 percent of this amount were pro-rated among Canadian broadcasters according to their audiences for Canadian productions, the total contribution to Canadian programming would be $52.3 million.

Both Pay TV and commercial substitution will require closer CATV-broadcaster co-operation. Both may require development of regional or national microwave or satellite facilities. Both must make significant contributions to the Canadian programming industry. For these reasons, it is critical to use the current interest in introducing Pay TV, as a vehicle to accelerate introduction of commercial deletion on CATV-imported U.S. TV channels.

The office of the Chairman

THE Odeon THEATRES (CANADA) LIMITED
225 CONSUMERS ROAD, WILLOWDALE, ONT. M2J 4G9 PHONE 491 1660 TELEX 06-986817

COMMENT
COMMENTAIRE
1-47

April 18th, 1977

Mr. W. Craig,
Canadian Radio-Television and
Telecommunications Commission,
100 Metcalfe Street,
OTTAWA, Ontario. K1A ON2

Dear Mr. Craig:

Further to my letter of April 14th, I am enclosing, herewith, a brief addressed to Mr. Boyle in connection with Pay T. V., and I would be grateful if you could see that it lands in the proper quarter.

Yours sincerely,

C. R. B. Salmon

CRBS*RB
ATTACH.

The office of the Chairman

THE *Odeon* THEATRES (CANADA) LIMITED
225 CONSUMERS ROAD, WILLOWDALE, ONT., M2J 4G8 PHONE 491-1660 TELEX 06-966817

April 18th, 1977.

Mr. H. Boyle,
Chairman,
Canadian Radio-Television and
Telecommunications Commission,
100 Metcalfe Street,
OTTAWA, Ontario. K1A 0N2

Dear Sir:

PAY T. V.

The Motion Picture Theatres Association of Canada, of which this Company is a member, has submitted a brief to the C. R. T. C. on the subject of Pay T. V.; we fully endorse and are in complete agreement with their brief. We would, however, like to add one or two points which we feel need to be particularly stressed.

In the first place we obviously have a substantial financial interest in the outcome of the pending hearing inasmuch as our only program material is the feature film which is also the predominating element in T. V. programming. The existing multiplicity of theatre screens and T. V. channels is already too many to keep all of them supplied all of the time with features sufficiently attractive to the public. The problem today is too many outlets for too few good commercial films.

The remedy therefore cannot be to increase the number of outlets by adding more T. V. channels whether the public pays for these in cash or in the hitherto conventional way by having programs interrupted for the showing of commercials.

It is important to emphasize that additional channels or outlets will not increase the supply of acceptable feature films. All that will happen is that the same supply will be spread more thinly over a greater number of outlets.

The effect of this will be to eliminate the weaker outlets and the more vulnerable the outlet the quicker

Continued .....

it will disappear, i.e., the subsequent run theatres and the smaller conventional T. V. channels would be the first but probably not the last to be closed down.

Perhaps we should remind ourselves that 30 years ago there was a classic example of the impossibility of creating good commercial feature films by regulation. A year or two after the end of World War 2 the British Government placed an embargo on the import of all U. S. feature films in order to help stabilize Sterling. At the same time the Government asked and encouraged the British film industry to increase its domestic film production in order to fill the gap. The British certainly appeared to have all the requirements necessary to do this, experienced producers, directors and the supporting technical staff, studios and certainly a wealth of acting talent almost second to none. Given this great opportunity every film company leapt into action. A year or so later this flow of product was available for exhibition, a flow which was greater in numbers but individually lesser in quality than the product of more rational times. The result of this experiment was nearly disastrous for the British film industry which has never fully recovered from it.

We would, therefore, recommend that:

1. No additional channels be licensed until existing screens and channels are proved to be inadequate to cope with the supply.

2. If and when additional channels can be supplied, the present conventional channel rather than a pay channel will be to the greater advantage of all viewers except possibly for the affluent but rapidly shrinking minority.

Respectfully submitted

CRBS*RB

C. R. B. Salmon

Received by — Reçu par
SECRETARIAT
APR 20 1977
CRTC.

60 Haven Avenue - 3A
New York, NY, USA 10032
April 18, 1977.

COMMENT
COMMENTAIRE
U-48

Lise Ouimet
Secretary General
CRTC
100 Metcalfe St.
Ottawa, Canada K1A 0N2

Re: The CRTC, February 3, 1977 call for Submissions on Pay-TV

Dear Secretary General:

To date the public debate concerning the creation of the optimum pay television system for Canada has not had the benefit of a comprehensive catalogue of available options. It is to be hoped that someone, preferably the CRTC, will do so before the final debate is joined.

I would now like to submit to the Commission an option which has so far been overlooked. It is a variation on pay per program (P/P), and for want of a more accurate name, for the moment can be categorized as the "common carrier" option. Its major characteristic is that it would reverse the present producer/broadcaster relationship by requiring producers to pay the pay-TV agency to distribute their programs. Furthermore, like a common carrier the agency would be prohibited from concerning itself with program content per se. Lest this proposal be misinterpreted, it should be explained that the proposal is manifestly pro-producer.

The proposal would divide the respective responsibilities of the producers and the agency as follows. On the one hand, the prime functions of the agency would be restricted to distributing and publicising programs, and to billing the viewers of those programs on behalf of the producers. The sole function of a separate part of the agency would be investment of all national agency profits in the domestic program production industry. The agency would be prohibited from becoming a program producer and from owning program production equipment.

On the other hand, producers would set their 'ticket prices', schedule their programs (time and location) and determine the publicity campaign to be conducted by the agency within a standard publicity budget. Additional publicity could be undertaken by the agency on a fee for service basis or outside the agency at the producer's expense.

In distributing programs as requested by producers, conflicting demands by producers will inevitably arise for specific time slots even if more than one channel

used. When conflicts arise, the agency will be called upon to arbitrate. The criteria by which it does so should be codified and set forth in the mandate of the agency as a list of program categories, ranked according to priority as determined by national interests. This is an important point because the establishment of priorities will not only assist the agency to arbitrate but could also be used to bias the system in favour of domestic program producers, prevent the monopolisation of time slots and help prevent siphoning from so-called "free-TV". I suggest that domestic producers should have priority over foreign producers, live productions over canned productions and one-shot programs over programs which are segments of a series. To thwart time slot monopolies (eg, consecutive Saturday nights, 8:00-9:30) or ~~weekly series~~, the lowest categories might be those programs which are essentially the same as, or have a substantial degree of beneficial interest in common with, a program which was run in the same time block the previous week. As an example of programs which are essentially the same, one could cite Saturday night hockey programs, but not a hockey program and a prize fight program broadcast on consecutive Saturday nights unless they were both segments of a program perhaps titled CTV Saturday Night Sports. The latter example would also be covered under "beneficial interest". Beneficial interests common to two programs could be defined as those standing to benefit from both programs. These could be either investors, producers, directors, sponsors, productions houses or creative personnel. An acceptable maximum beneficial interest could be set down in the mandate. The CFDC might have some suggestions to make concerning the mechanics of identifying and labelling beneficial interests.

It is believed that such a priority system could help prevent siphoning because the priority list would work against programs in a series which appear to be the biggest potential loss to free-TV broadcasters and viewers through siphoning. I believe that a priority system as suggested above would prevent series from monopolising time slots and therefore would make it very difficult for a series to build and maintain an audience by establishing a viewing pattern. Without such an established viewing pattern, the economies of formula production would not be present. However, this priority ranking in and of itself would not prevent a series from establishing a regular time slot if there were to be a surfeit of capacity, or conversely a scarcity of program material, as there might be during the first few years of the system's operation. But a priority system, coupled with the exploitation of an inherent difference between free-TV and pay-TV with respect to scheduling, could prevent this from happening.

It would appear that the time period between scheduling a program and broadcasting it needs to be greater for free-TV than it does for pay-TV. Pay-TV does not need to concern itself with advertisers nor with building audiences by juxtaposing programs. Its lead time requirement would be dictated by program production, publicity and distribution. It is conceivable that a lead time period of as little as 30,60, or 90 days on a rolling basis would be all that would be needed. This relatively late scheduling would again bias the system in favour of those programs with the highest priority. It is therefore unlikely that potential siphonees, particularly from among the lower priority categories, will wish to risk the loss of both guaranteed air time and the concomitant guaranteed advertising revenue offered by free-TV, for an uncertain revenue from pay-TV.

Additional pro-domestic producer bias could be built into the system by authorising the agency to charge distribution fees according to a scale which would be least for Canadian produced programs. Import tariffs might be an appropriate comparison.

As pro-domestic producer as this proposal is, it does not contemplate any pay-TV or other broadcasting regulation which would prohibit any program from the system, except siphoned programs if necessary. The only requirement for access to the system should be that the producer or sponsor should be incorporated in Canada, fully disclosing ownership and beneficial interests by amount and nationality. Organizations which might wish to make use of the system include HBO, BBC, NFB, TVO, CBC, the Red Cross, the NDP, the United Appeal, the Western Guard, the Cystic Fibrosis Telethon and departments of education for tuition-by-ticket, educational programming.

Program distribution should match local needs with local resources. In some parts of the country programs would be delivered by transmitter, in others by CATV coax cable or telco coax cable, but in all cases on a fee for service basis.

Broadcast time on the system should be apportioned on a more or less fixed basis, between national, regional, provincial or municipal parts of the system. In any case, producers would be free to use all or any part of the distribution system. Multiple showings of programs should be done as a matter of course.

Investment of the profits of the agency should be undertaken by a division of the agency and also by properly constituted, independent regional/provincial/municipal bodies. The amount should reflect the proportion of revenues raised in that area but ~~not necessarily as a percentage of the national total~~. The agency should retain a substantial amount of the profit in order to make meaningful investment in production.

I read: "should not deprive the national agency of investment funds."

And now for a few words about pay per program (P/P). P/P is the best pay-TV system because, unlike other systems, it permits producers and audiences to form mutually beneficial communities of interest. Other systems would submerge a program in the package and a program's audience in the package's audience. Furthermore, other systems which require someone to select programs on behalf of all the system's subscribers, obligate him to choose a mass appeal package and discriminate against minority appeal programs. In addition to being the most democratic means of servicing the subscribers, this obligation will also increase the penetration of the system. A natural consequence of mass appeal package programming is competition with free-TV which it will come to resemble, with an unavoidable and harmful fragmentation of the audience for free-TV. P/P is not a mass appeal system, eventhough individual programs may have mass appeal, and therefore as a system it does not fragment free-TV audiences.

P/P would remove from the CRTC the need to concern itself with balanced programming, language (profane or ethnic origin) or violence, nor with commercial, political or sexual content. P/P is a system for non-captive viewers. Scrambled signals prevent accidental viewing. Viewers must make an investment choice each time they or their families wish to watch a program. They will not choose to pay producers to bore, offend or convert them unless they wish it. The freedom promised by P/P will allow producers to produce only for interested audiences and should encourage production for the some of programs of both subjective and objective excellence.

In conclusion I would like to reiterate that the range of options should publicised well in advance of the next round of public debate. The above is submitted by a consumer only with the intention of adding to the options so far submitted.

The writer, a Canadian citizen in temporary residence in the United States, does not wish to appear before the Commission at the May hearing.

Sincerely yours

Kenneth Gordon

K.S. Gordon

CONSULCOM inc.

SEPT-ILES, LE 25 AVRIL 1977

MLLE LISE [illegible]UIMET
SECRÉTAIRE
CRTC
100 RUE METCALFE
OTTAWA [illegible]NT.

COMMENT COMMENTAIRE
N-49

Received by - Reçu par
SECRETARIAT
APR 28 1977
CRTC

MADEMOISELLE,

SUITE À NOTRE TÉLEX DU 15 AVRIL DERNIER ET À NOTRE CONVERSATION TÉLÉPHONIQUE AVEC MME HAGAR, IL ME FAIT PLAISIR DE VOUS FAIRE PARVENIR LE TEXTE DE NOTRE INTERVENTION SUR LA TÉLÉVISION PAYANTE QUI FERA L'OBJET D'UNE AUDIENCE DU CONSEIL À PARTIR DU 30 MAI PROCHAIN.

CONSULCOM EST UNE COMPAGNIE INCORPORÉE EN VERTU DE LA TROISIÈME PARTIE DE LA LOI DES COMPAGNIES DU QUÉBEC; SES OBJECTIFS SONT LES SUIVANTS:

1-OFFRIR UNE GAMME DE SERVICES RELIÉS AU DOMAINE DES COMMUNICATIONS
2-ETUDIER LES UTILISATIONS NOUVELLES DES MEDIA
3-PERMETTRE À DES COMMUNICATEURS DE TRAVAILLER DANS UN CADRE PLUS SOUPLE.

NOUS DÉSIRONS COMPARAÎTRE DEVANT LE CONSEIL LORS DE L'AUDIENCE; SERONT PRÉSENTS: JEAN-PIERRE GUAY, PRÉSIDENT, JEAN LEFEBVRE ET SERGE GAGNÉ, SECRÉTAIRE.

VEUILLEZ ACCEPTER L'EXPRESSION DE NOS MEILLEURS SENTIMENTS.

Serge Gagné

SERGE GAGNÉ

INTERVENTION DE CONSEILCOM INC. SUR LA TÉLÉVISION PAYANTE LORS DE L'AUDIENCE DU CRTC, TENUE À OTTAWA LE 30 MAI 1977.

A) NOTRE POSITION

1-NOUS NOUS OPPOSONS À L'ÉTABLISSEMENT SOUS PRESSION DE LA TÉLÉVISION PAYANTE AU CANADA. CETTE PRESSION REVÊT DEUX ASPECTS.

A-LA HÂTE DES ENTREPRISES DE TÉLÉVISION PAR CÂBLE DE METTRE LA MAIN SUR LES REVENUS ANTICIPÉS DE LA TÉLÉVISION PAYANTE. SELON LES PREMIÈRES ESTIMATIONS ILS PROMETTENT D'ÊTRE ÉNORMES; IL N'EST PAS ACQUIS QUE LES DITES SOMMES SERONT AFFECTÉES À L'AMÉLIORATION ET AU RENFORCEMENT DU SYSTÈME DE RADIODIFFUSION CANADIEN.

B-LA CRAINTE APPARENTE DE VOIR S'ÉTABLIR DES SYSTÈMES NON AUTORISÉS OU ENCORE QUE S'ÉLABORENT DES INITIATIVES NON SOUHAITÉES; NOUS PENSONS ICI AUX SYSTÈMES QUI FONCTIONNENT DANS LA RÉGION DE TORONTO, L'IMPLANTATION D'ENTREPRISES AMÉRICAINES FRONTALIÈRES OU LA VOLONTÉ MANIFESTÉE PAR LES PROVINCES DE LÉGIFÉRER SUR LA QUESTION.

2-LA TÉLÉVISION PAYANTE NE SEMBLE PAS RÉPONDRE À UN BESOIN DU PUBLIC CANADIEN. POUR S'EN CONVAINCRE IL SUFFIT DE POSER LA QUESTION DANS SON ENTOURAGE; LES RÉPONSES VONT GÉNÉRALEMENT DE L'INDIFFÉRENCE À L'INTÉRÊT MITIGÉ EN PASSANT PAR L'IGNORANCE.

S'IL Y A BESOIN, C'EST POUR LA QUALITÉ ET L'IDENTITÉ, DANS LE PAYS LE PLUS CÂBLÉ DU MONDE À CE QU'IL PARAÎT.

IL NOUS SEMBLE QU'IL Y A BIEN D'AUTRES PRIORITÉS DANS LE DOMAINE DE LA RADIODIFFUSION AU CANADA; PAR EXEMPLE L'ACCÈS DE TOUS LES CITOYENS AU SERVICE COMPLET DE RADIO-CANADA, LE DÉVELOPPEMENT DU CANAL COMMUNAUTAIRE.

3-LA TÉLÉVISION PAYANTE VA ÉLARGIR LE FOSSÉ EXISTANT ENTRE LES GRANDS CENTRE ET LES RÉGIONS; IL EST ÉVIDENT QUE L'ACCENT ET LES EFFORTS VONT ÊTRE MIS DANS LES CENTRES À FORTE DENSITÉ DE POPULATION; PENDANT CE TEMPS LES ENTREPRISES LOCALES OU RÉGIONALES CONTINUERONT À OFFRIR UN PIÈTRE SERVICE DE CÂBLE.

4-LA TÉLÉVISION PAYANTE VA CONTRIBUER À FRAGMENTER L'AUDITOIRE ENCORE PLUS; ENTRE LA TÉLÉVISION AMÉRICAINE, LA TÉLÉVISION D'ÉTAT, LA TÉLÉVISION ÉDUCATIVE ET LA TÉLÉVISION PRIVÉE, LA TÉLÉVISION PAYANTE DEVRA BIEN SE TROUVER UNE PLACE. IL EST À PRÉVOIR QUE LA TÉLÉVISION TRADITIONNELLE PERDRA UNE PARTIE DE SON

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AUDITOIRE, DONC UNE PARTIE DE SES REVENUS ET DE SES RESSOURCES FINANCIÈRES ET HUMAINES. IL CONVIENT DE SE DEMANDER AU PROFIT DE QUI...

5-LA TÉLÉVISION PAYANTE EST DISCRIMINATOIRE POUR L'ENSEMBLE DE LA POPULATION, SURTOUT POUR LES DEUX DERNIÈRES RAISONS QUE NOUS VENONS DE MENTIONNER.

E)EVITER LE PIRE.

IL NOUS SEMBLE BIEN QU'À CE STADE-CI LE PRINCIPE DE L'ÉTABLISSEMENT DE LA TÉLÉVISION PAYANTE AU CANADA EST ACCEPTÉ, QUOIQU'ON PUISSE DIRE; DANS LES FAITS NOUS NE POUVONS QUE TENTER D'EVITER LE PIRE.

1-L'EXPLOITATION D'UN ÉVENTUEL SYSTÈME DE TÉLÉVISION PAYANTE EST UN PRIVILÈGE, NON UN DROIT. L'EXERCICE DE CE PRIVILÈGE NE DÉCOULE PAS AUTOMATIQUEMENT DE L'EXERCICE D'UN AUTRE PRIVILÈGE ACCORDÉ DANS LE CADRE DU SYSTÈME DE RADIODIFFUSION CANADIEN.

2-IL CONVIENT DE NE PAS FAIRE DE L'EXPLOITATION DE CE SYSTÈME DE TÉLÉVISION PAYANTE UN MONOPOLE ACCORDÉ À L'UNE DES COMPOSANTES DU SYSTÈME DE RADIODIFFUSION CANADIEN.

EN SOMME IL N'EST PAS DU TOUT ACQUIS QUE LA TÉLÉVISION PAYANTE DOIVE PASSER PAR LE CÂBLE; QU'ON ÉTUDIE SÉRIEUSEMENT TOUTES LES POSSIBILITÉS, QU'ON LAISSE À TOUT LE MONDE LE TEMPS DE S'ADAPTER ET SURTOUT QU'ON REJETTE LE MODÈLE AMÉRICAIN POUR ESSAYER, POUR UNE FOIS, DE CRÉER QUELQUE CHOSE D'ORIGINAL, DANS L'ESPRIT DE LA LOI SUR LA RADIODIFFUSION JUSTEMENT!

C)QUE PROPOSONS-NOUS?

1-NOUS PROPOSONS LA CRÉATION D'UNE CORPORATION MIXTE REGROUPANT DES REPRÉSENTANTS DE L'ÉTAT, DES PRODUCTEURS, DU PUBLIC-USAGER, DES ENTREPRISES DE CÂBLE, DES RADIODIFFUSEURS. CETTE CORPORATION AURAIT POUR TÂCHES DE:

A-ÉTUDIER LES DIFFÉRENTES POSSIBILITÉS DE DIFFUSION; PROPOSER UNE OU DES SOLUTIONS.

B-ÉLABORER UNE PROGRAMMATION ORIGINALE.

C-IMPLANTER ET EXPLOITER LE SYSTÈME DE TÉLÉVISION PAYANTE AU CANADA, SOUS LA FORME D'UNE AGENCE.

D-COORDONNER LES RESSOURCES DES PRODUCTEURS/FAIRE OFFICE DE PRODUCTEUR.

E-ASSURER LA DISTRIBUTION PAR LES MOYENS APPROPRIÉS.

2-CETTE CORPORATION VERRA À LA CRÉATION DE DEUX AGENCES BIEN DISTINCTES, UNE ANGLOPHONE ET UNE FRANCOPHONE, POUR RÉPONDRE DE FAÇON SATISFAISANTE AUX BESOINS SPÉCIFIQUES DES DEUX CULTURES.

3-LE CAPITAL-ACTIONS DE LA FUTURE CORPORATION DEVRA ÊTRE DÉTENU DE FAÇON MAJORITAIRE PAR L'ETAT.

4-EN PROGRAMMATION NOUS PROPOSONS:

A-QUE LA NORME DE 60% RELATIVE AU CONTENU CANADIEN SOIT MISE EN VIGUEUR ET APPLIQUÉE TRÈS SÉVÈREMENT DANS LA FUTURE PROGRAMMATION DE LA TÉLÉVISION PAYANTE, SEUL MOYEN DE PROTÉGER LA PRODUCTION NATIONALE.

B-QU'ON ÉTABLISSE DES CATÉGORIES SELON LE GENRE ET QU'IL Y AIT DES POURCENTAGES OBLIGATOIRES À RESPECTER.

C-QU'IL Y AIT UNE LIMITE DE 20% DU TEMPS D'ÉMISSION DANS LA PRÉSENTATION DE LONGS-MÉTRAGES DE FICTION ÉTRANGERS.

EN SOMME NOUS CRAIGNONS FORTEMENT L'ENVAHISSEMENT D'UNE PRODUCTION ÉTRANGÈRE POUR NE PAS DIRE AMÉRICAINE DE BASSE QUALITÉ; A PRIORI IL N'Y A AUCUNE RAISON POUR QUE LA TÉLÉVISION PAYANTE DEVIENNE LE PANIER À REBUTS DE LA RADIODIFFUSION CANADIENNE.

5-NOUS PROPOSONS QUE LA MAJEURE PARTIE DES REVENUS NET, SOIT 45%, SOIT AFFECTÉE À LA PRODUCTION D'ÉMISSIONS CANADIENNES. NOUS PROPOSONS AUSSI QUE 5% DE CES REVENUS (PRIS À MÊME LES 45%) SOIENT CONSACRÉS À LA PRODUCTION D'ÉMISSIONS RÉGIONALES.

6-NOUS FAVORISONS UNE TARIFICATION MENSUELLE.

7-LA TÉLÉVISION PAYANTE ÉTANT UN PRODUIT DE LUXE, NOUS SOMMES D'AVIS QU'ELLE SOIT TAXÉE AU CONSOMMATEUR EN CONSÉQUENCE.

AU SPECTATEUR NON AVERTI L'IMPLANTATION DE LA TÉLÉVISION PAYANTE PEUT SEMBLER UN PROGRÈS ET UN BIEN POUR TOUT LE MONDE; À NOTRE AVIS IL N'EN EST RIEN.

LE DÉBAT QUE NOUS VIVONS AUJOURD'HUI A ÉTÉ MONTÉ ET "POUSSÉ", SEMBLE-T-IL, PAR DES GROUPES DONT L'INTÉRÊT EST BIEN ÉVIDENT, EN TOUT CAS LOIN DE PRÉOCCUPATIONS TELLES QUE LE SERVICE AU PUBLIC, L'AMÉLIORATION DU SYSTÈME DE RADIODIFFUSION CANADIEN OU ENCORE LA QUALITÉ DE LA PRODUCTION D'ICI.

LA TÉLÉVISION À PÉAGE RESTE UNE INNOVATION QU'IL FAUDRA TÔT OU TARD INTRODUIRE, QU'ON SOIT POUR OU CONTRE; POURQUOI NE PAS PRENDRE LE TEMPS DE BIEN RÉFLÉCHIR AFIN DE NE PAS TOUT GÂCHER...

CONSULCOM Inc.

PAR SERGE GAGNÉ